Business India

agazine of the corporate world | January 23 to February 5, 1989 | Rs. 6

Is the South lagging behind?

INSIDE


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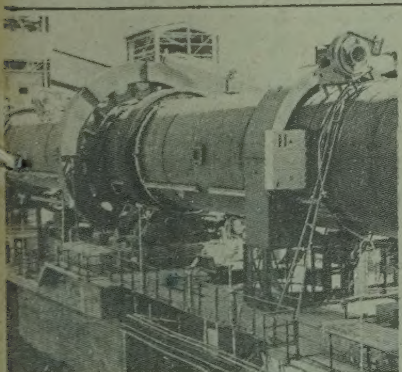

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LETTER FROM THE PUBLISHER

We are not being parochial when we ask "Is the South lagging behind?" We are one country but there is no doubt that some parts of the country are given much more attention than others. While there is bound to be some unevenness in development, the differences are much too large for comfort. (The same question can also be asked about the eastern and north-eastern states!)

There is no question that in many parts of the country this is how people view it. They feel that they are being discriminated against unduly. And that the decision makers in Delhi willy nilly favour the populous states of the north — or the western states important to the ruling party. The centre obviously strenuously denies any such charge.

These allegations and denials underscore the importance of government in determining the well being of private business in modern India. It is now atleast well accepted that the government can discriminate against (or in favour of) not only geographical areas and particular industries but more important against (or in favour of) particular industrialists.

But looking back over the last few years it does appear that many of the largest projects in the country have been allocated to U.P., Maharashtra and Gujarat. It is also true that industrial houses from Delhi and Bombay have been granted a larger number of licences than others. The south, and Tamil Nadu in particular, does seem to have received less than a fair share.

But would it be fair to blame everything on government alone? Or are there cultural differences and social differences in different parts of the country which result in some sections of society being more cautious or conservative than other sections. Southern industrialists vehemently argue that they recognise that doing business means taking risks, but there is no reason why businessmen ought to play the political field. They argue that if the field is level they can compete against all. At the same time it would be totally unrealistic to assume that businessmen from the south are so totally different from their counterparts from other parts of the country.

In our cover feature, Sushila Ravindranath, our assistant editor from Madras raises this issue which she feels strongly about. In a story of this kind there are bound to be differing experiences and opinions. But she does capture the mood of many southern businessmen who talk about this only in private conversations.

Ashok H. Advani

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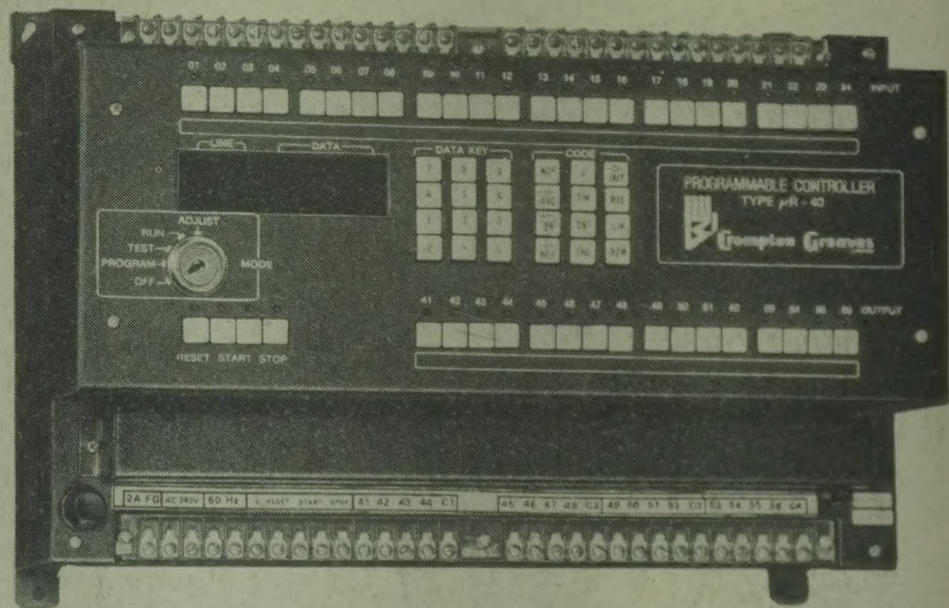

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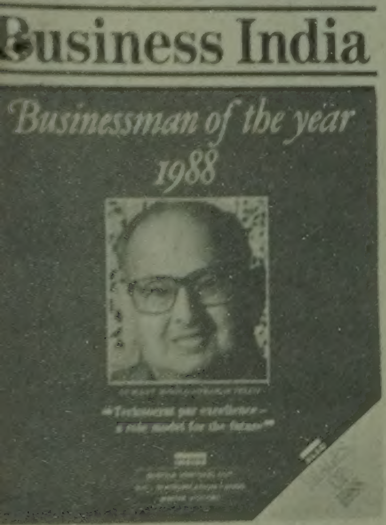
Businessman of the Year



Business India's choice of Sumant Moolgaokar as 'Businessman of the Year 1988' was long overdue. Moolgaokar is that rare breed of an achiever who displays modesty, a technocrat who inculcates the ethos of perfection in his staff. However, in your otherwise excellent tribute, you have not laid adequate stress on the fact that Telco is the only domestic auto manufacturer with a complete integrated set-up from R&D, to die-making and manufacture, and the role played by Moolgaokar in providing a quantum boost to local ancillary manufacturers in his quest for indigenisation.

MANECK DAVAR
Bombay

Missing image

While going through 'Business Images 1988' (26 December 1988), I was surprised to find that one of the greatest events on the industry-labour front that took place during the past year was not included. I am referring to the Kamani Tubes Limited takeover by a workers' co-operative organised by the workers of that company, which was made possible by a Supreme Court judgement.

M.K. JOS
Panaji

Bitter harvest!

There is no need to shed tears over the plight of ad agencies, (Advertising, 12 December 1988). They themselves are to be blamed, having set a precedent by not paying the printers for months together for jobs executed, even after collecting the charges from their clients

N. RAVICHANDRAN
Madras

Rifampicin users taken for a ride?

Your article on 'Looming rifampicin shortage' (28 November 1988) by N. Radhakrishnan makes interesting reading, but seems to be unjustly tilted towards the interest of the producers and does not take into account the interest of TB patients.

The stoppage of sale by the producers is nothing short of blackmailing the government as well as poor TB patients.

The prices of the finished bulk drug from other countries like Korea, Italy and West Germany are reported to be between US $ 120-145 per kg while the prices of intermediates which were imported for producing one kg of the drug in the country were over US $ 200 for the past two years or so.

Dr. N. KUMAR
New Delhi

N. Radhakrishnan replies: *Contrary to the reader's interpretation, there was no intention to "not take into account the interest of the poor TB patients".*

For the record

It was very interesting to read the professional profile of Hoshang Billimoria in your 28 November 1988 issue. However, I would like to point out that the writer's contention that Tata Sons "is the only company whose chairmanship J.R.D. Tata has not relinquished" is not correct. At least one other Tata group company in which J.R.D. is still the chairman is Indian Hotels Company Limited (the Taj group).

S. KETHARAMAN
Bombay

No more shackles on gold

This is with reference to your Guest Column by Shantilal Sonawala ('The gold trade must be freed', 12 December 1988).

The Gold Control Act was introduced by the then finance minister Morarji Desai in the wake of the Chinese attack on India as a measure to conserve the nation's resources for pressing needs.

With the new liberalisation policy, the government should free the gold jewellery industry from the shackles of the Gold Control Act. I fully endorse Sonawala's suggestion to allow NRIs to bring in a portion of their savings in gold.

K.G. VARGHESE
Safat (Kuwait)

A correction

In the article 'SCICI shows the way' under the Finance column of our issue dated 9 January 1989, we reported inadvertantly that N.C. Singhal, managing director of SCICI wants shipping companies to be allowed to create a special tax-free reserve during the years of buoyancy, "on condition that such funds are capitalised or distributed as dividends". It should actually read, "...on condition that such funds are **not** capitalised or distributed as dividends".

• Erratum

M.S. Swaminathan is a former director-general of ICAR, and not director-general as printed in the Contents page (January 9-12).

The error is regretted

The name of the president of the Portable Generators Manufacturers' Association (Executive Ladder, 26 December) is P.K. Srivastava and not R.K. Srastav.

SUNDARA RAMAN
Tara Sinha Associates Delhi
New Delhi

The error is regretted - Ed.

Glass power

"Revolution is the festival of the masses," said Mao Tsetung. Mao may be no darling of the Communist Party of India (Marxist-CPM), but some sense of his words echoed through Trivandrum in the last week of 1988 as the CPM staged its thirteenth party congress.

A revolution it wasn't, but a festival it certainly was. For this, the grandest political show Kerala has seen, the CPM painted the town red — literally. Flags, streamers, banners, hoardings, and cutouts — all these bathed Trivandrum in a vibrantly festive shade of red.

The heady atmosphere inspired some new acts of creativity. Shown in the photo is a tall structure erected by some activists of the Kerala State Electricity Board Workers' Association. Nothing unusual? Well, look again. The whole thing is built entirely of discarded

fluorescent lamps! Quite a few such glass creations dotted the city. Glass power may be no substitute for class power, but the CPM has probably started a new trend in the theatre of politics!

KGK
Trivandrum

Spreading goodwill

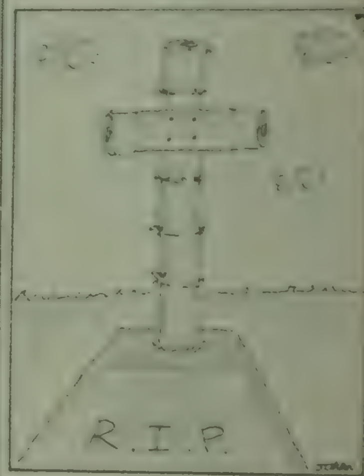
In an effort to spread the feeling of good cheer during festival time, the state government of Karnataka, had, in its generosity, been doling out interest free advances of Rs.1,000 to all its employees. The advances were mainly given so that employees could purchase woollen blankets.

The employees obviously had other ideas about how to keep warm. After purchasing the blankets they would sell them in the open market at half price. The money, of course, would then be spent on hooch.

Come winter, and not only are the employees receiving reduced salary, but also have to contend with the biting cold, minus blankets. By then, of course, the warmth of the liquor has since long evaporated.

R. RAMARAO
Bangalore

Newsy destruction



For every 1,000 newspapers of 16 pages each, one needs to fell on an average three bamboo and two eucalyptus trees. On its own, this might not seem to be a great loss in forest cover, but with newspaper circulation running into hundreds of thousands, the strain on the eco-system is tremendous. Are there any alternatives?

L. NIRANJAN
Bangalore

What makes an MLA

The Kerala state legislative assembly is one of the oldest in the country. It is celebrating its centenary, which is a good time to take a look at the people that constitute the present assembly.

Of the 141 members, as many as 68 are self-styled "social and political workers", 14 are agriculturists and 13 are teachers. There is even the lone poet!

Going by the educational qualifications of the members, all potential candidates for the august house should head towards law school. Of Kerala's MLAs, 33 are law graduates, three are doctors and one is an MBA. As for those who are not so hot in academics, don't despair— 25 MLAs are "under matriculates", which one imagines is a euphemism for dropouts.

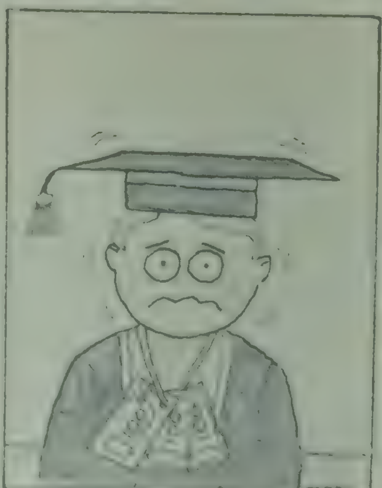
If you are single and young, your chances of making it to the assembly are slim — only nine are between 25 and 34 years old. The oldest is 72-year old P.R. Kurup of the Janata party as is also the youngest — Mathew T. Thomas, 26.

KGK
Trivandrum

Fools gold

What's the point of being awarded a gold medal if eventually you are not going to receive it? This seems to be the common complaint amongst some of the students who were recently 'awarded' gold medals but ended up with a certificate of merit and cash ranging from Rs.300 to Rs.500.

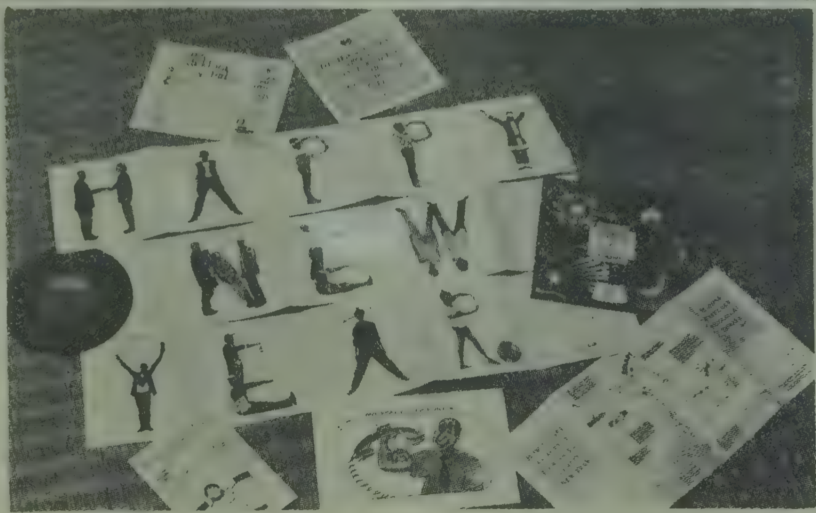
Bangalore University, which recently declared 24 gold medalists, had to



shortchange their best students. The reason for this parsimony is fairly obvious — lack of funds and the escalating price of gold. While university authorities are fairly complacent about this sorry state of affairs, and point fingers at other universities in the same position, the real losers obviously are the students — in more senses than one!

DP
Bangalore

Great greetings cards and gags



Before we slide so far into 1989 that its too late to do another best-and-worst of 1988, here's a last one for the road.

Around the end of the third quarter each year, creative heads in ad agencies get into huddles with copy writers, artists, etc, and decide on their Christmas and New Year greeting cards. The result: something zany, crazy, wild or simply cute. Here are some of the more creative efforts to ring in the new year.

The honours for 1988 will undoubtedly go to Advertising and Sales Promotion Co (ASP). Their fold-out greeting card — with zany pictures of staff members in zanier outfits, all grinning like Punch, having the time of their lives and saying Happy New Year, without actually saying anything — was a knockout. If peer recognition is what agencies seek in such efforts, ASP got plenty of it — some rival agencies put up the card on their notice boards!

Trikaya, that hot-house of creativity, and consistent winner in the esoteric-greeting-card department, seems to be getting better and better each year. Past forays have included "How to get an agency to wish you Happy New Year". This year it was their very own "Guide to Social Etiquette at the New Year's Eve Ball" — both musts for all MAD magazine fans(hic!).

Rediffusion has a card shaped like a record disc with the centre label for all the scrawls. Yes, we tried it — it doesn't play. Imageads has capitalised on the great Indian belief in the zodiac and commissioned Bejan Daruwalla to plague us so early in the year — with Ganesha and what not! OBM's solemnity was inspiring and some part of the legend ran as such : "We bring you our best wishes for the new year and hope that we enter it with an open mind."

We hope so too.

ST
Bombay

Neglected god

Shani Devta and his cohorts (read, priests) must be feeling neglect in all its heartbreaking intensity ever since the five-day week came into force. Near the hundreds of government offices in New Delhi, for instance, many temples dedicated to the Devta have come upon hard times, what with the only source of income, ie, is the daily flood of hurried office-going people, having dried up. Many of these little temples have closed down. But others have switched to gods more economically suited to the five-day week, like Mangal Devta!

PRAVEEN BHATIA
New Delhi

Working for the central government — *la dolce vita*

Who said a central government job is not as attractive as any other? In fact, it can certainly be a very restful form of employment. Common notions of sloth aside, the number of days that can be taken off in a year must be quite effective in not only curing but also preventing any occupational stress and strain.

	Days
Weekends off	104
Casual leave	15
Earned or priveleged leave	30
Sick leave	30
General holidays (approx)	20
Bandhs/strikes/agitations/ visits of VIPs, etc.	4
Total Holidays	204
Total Working days	161
Total	365

RAMANAND SHARMA
Bangalore

The *Mahabharata* Syndrome

Till the television show, *Mahabharata*, went onto the national hook up, Belgaum was a quiet little place with balmy weather all year round. Sadly, things are no longer the same since the epic hit the tube. Tuesday was the designated day off, but with the hysteria created by the tele-epic, the more religious shopkeepers wanted Sunday off. The business-minded variety, however, would have none of this and wanted Tuesday to remain the official holiday.

The battle for the weekly break has now been on for wellnigh a month. Every Saturday, the Sunday-closers advertise in Marathi and Kannada that the weekly off is Sunday, and come Monday, the Tuesday-closers retaliate with equal enthusiasm announcing that Tuesday is the weekly holiday. In the meanwhile, the poor consumers are confused.

Can there be life after Mahabharata at Belgaum?

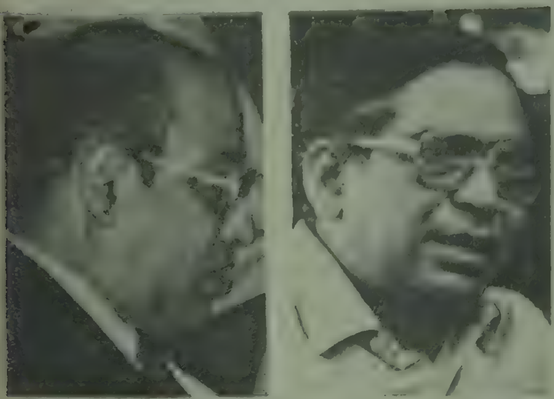
ARUN BHATIA
Bangalore

Meet my daughter, Pepsi

Pepsi will be remembered around the world for various reasons — some will remember it for the now famous Cola war it had with Coke, others for its amazing advertising campaigns starring Michael Jackson and Michael J. Fox. In India Pepsi will go down in posterity for quite a different reason altogether. As a doctor I have observed that several mothers have started calling their baby daughters, Pepsi, and a great many mothers-to-be are toying with the idea seriously!

DURGA PRASAD PANDA
Sambarpur

Coveted chair



The two contenders: Goiporia and Vaghul

The man who is known to move about with his resignation letter in his pocket — N. Vaghul, chairman and managing director, the Industrial Credit and Investment Corporation of India — may well become the chairman of the bank with the largest branch network in the world. Or will it be J.N. Goiporia, chairman and managing director Central Bank of India who will bag the coveted post of chairman of the State Bank of India? As the term of the incumbent chairman D.N. Ghosh draws to an end, in mid-1989, rumours have begun to fly.

Mallya strikes again

The rudderless, electrical contracting company Best & Crompton will soon be put on course again. According to reports Vijay Mallya and the United Breweries group are firmly in the saddle after months of tussle for this company which is 50 per cent owned by the financial institutions. And how did this happen? After mopping up 14 per cent B&C equity from the market and buying out a 10 per cent block from the TI group, Mallya is considered to be in an unbeatable position.

A good chance for B&C to turn blue chip once again and a good chance for Mallya to expand his engineering business.

Dempo Steamship plans a comeback

After two years on the brink of liquidation, Dempo Steamship Ltd is now pushing itself before the Shipping Credit and Investment Company of India (SCICI) as a candidate for rehabilitation. Earlier, Vasantrao Dempo and Surendra Dempo, the company's chairman and vice-chairman respectively, had prepared themselves for closure. In early 1987, when a Goa-based creditor of Dempo initiated winding-up proceedings for non-payment of a paltry Rs.1.42 lakhs (the company's accumulated losses were about Rs.25 crores then), many saw in it an easy escape latch from a recession-hit industry for the Dempos. Now it looks like the recent upturn in the shipping industry's fortunes has given them reason to hope.

Meanwhile, three other companies on SCICI's rehabilitation list are on the verge of closure. They are Nirvan Shipping, a two-ship operation run by a former deputy director-general of shipping, Thakur Shipping, and the Salgaocar group's Damodar Bulk Carriers.

Not airworthy yet

Delays have become inevitable in mega projects in India. Hindustan Aeronautics' advanced light helicopter (ALH) will be grounded for some more time. The test flight scheduled for 1990 is reportedly delayed by another two years, which means that the ALH can join the air force only in 1995. (The time taken for an aircraft to move from test flight to active service is three years). The test flight will be delayed because the mock-up design is taking more time. And this means that the Rs.100-crore investment will balloon.

One village, one meter

The success of the National Dairy Development Board's operation flood in raising the milk production of the country prompted the central government to assign it the task of repeating the feat with vegetable oils.

Now the Gujarat state government seems to have borrowed NDDB's management ideas to do an 'Anand' on the state's electrification programme. Chief minister Amarsinh Chowdhury has asked V. Kurien, chairman of the NDDB, to draw up a strategy for organising rural electrification along co-operative lines. Kurien is reported to have agreed to start with one district — none else but his favourite Kaira.

The major problem with rural consumers is that the administrative cost of recovering the bill is often higher than the bill itself. Kurien is therefore thinking along the lines of one meter per village leaving the recovery thereafter to the villagers themselves.

Chandran for HFC?

N.B. Chandran's success as chairman-and-managing director in turning around the public sector Fertilisers and Chemicals Travancore (FACT) has drawn approving looks from the ministry of agriculture. Not surprisingly, it is speculated that he will be given additional charge of Hindustan Fertiliser Corporation (HFC). But he is due to retire soon and would probably want to bow out to resounding cheers rather than take on the problems of HFC.

New brands from Hindustan Latex

Hindustan Latex, the world's largest manufacturer of condoms (total annual production capacity: 608 million pieces), plans to introduce two new brands by April. One will be a reborn version of Share, the lubricated condom which was launched in 1982 but bombed in the market. The new version, to be priced around Re.1, will be thinner (0.03 mm) like the company's current prestigious brand, Moods.

The other condom will be a thicker downmarket brand priced at 65 or 70 paise. The company also plans to introduce the spermicide nonoxynol-9 as a standard feature of all its brands. These moves are meant to protect the company once the government of India stops subsidising condoms for the family planning programmes.

Changes at the top

Several top level changes are in the offing which have set executive circles abuzz. First, N.K. Prasad switched from the R.P. Goenka group to a senior job at the merchant banking division of Standard Chartered. Then Niki Roy, senior vice-president at Brooke Bond is reported to have accepted the job of managing director at Coromandel Fertilizers. And now reportedly Arun Maira, a long time Telco hand plans to head overseas. With a shortage of top executives it's not surprising that they are in such great demand.

GOVERNMENT

Refinance for housing

The government has permitted scheduled banks to refinance housing loans to the extent of 100 per cent of the amount. The scheme is open for loans up to Rs.50,000 given for housing units with built-up accommodation of 40 sq.m. The refinance will also be available for repairs of houses. The housing loans' target for 1989 has been fixed at Rs.300 crores.

Disclosure rules

According to a government notification, all companies will have to disclose particulars of foreign exchange earnings and outflow, technology absorption and energy conservation. These new rules will come into effect from 1 April 1989, and will be called the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988. The move will help the government, as well as shareholders to keep track of companies' activities in export promotion, R&D and energy conservation. The rules will help curtail abuse of government concessions given on the basis of export promotion etc.

Banking structure

The finance ministry has called a three-day meeting of top bankers, beginning on 31 January. The government is considering drastic changes in the structure of the banking industry. Likely topics at the meeting are the implications of getting foreign banks in the country to participate in priority sector lending and the possibilities of merging smaller banks (private as well as public sector) with large banks on a regional basis, under the Banking Act.

Spot trading

The finance ministry is considering a move to allow only spot trading in specified groups of scrips at the time of rights issues. The move was first mooted at a meeting of stock exchange presidents in Bombay under the aegis of the Securities Exchange Board of India. It was suggested that the scrip be automatically placed on the "spot" section from the record date for a rights issue until the closure of the issue.

No to railways

The railways' request for a lower power tariff, based on actual cost, has been turned down by the committee of secretaries. The railways pay the highest tariff rate of Rs.1.5 per unit to the state electricity boards. The SEBs pay at the rate of 65 paise to the National Thermal Power Corporation. The SEBs, however, make heavy losses and hence, have a discriminatory tariff structure based on the ability of the user to pay. The railways propose to move the union cabinet for reconsideration of its proposal.

SAA postponed

The implementation of the service area approach (SAA) by commercial banks in rural areas has been put off to 1 April 1989 from 1 January 1989 because the SAA launch will have to coincide with the accounting year. In essence, the SAA means that each of the rural and semi-urban branches of the banks is to be allocated 15 to 20 villages for the preparation of village plans and their subsequent integration into block plans.

New approach

The concept of memoranda of understanding (MoU) between the government and public sector undertakings (PSU) will undergo a change, starting April. The government will introduce an evaluation scheme under which the PSU performance will be judged by a third party such as a cabinet committee. The evaluation indicators will be finance, production, investment, efficiency and productivity.

Export status

The union ministry of surface transport has recommended that the shipping industry be regarded as an export industry. The finance ministry has been requested to grant the corresponding fiscal concessions. During 1984-87, when the shipping industry went into a depression world-wide, the Indian shipping industry's foreign exchange earnings crossed Rs.685.23 crores. Even though capital expenditure was Rs.456 crores in this period, the surplus was around Rs.229 crores. It was felt that the fiscal concessions would strengthen the country's foreign exchange earnings.

CCS scheme

The cash compensatory support (CCS) scheme for exporters, which was scheduled to expire on 31 March 1989, will be extended. Exporters can continue to book orders and decide prices on the basis of CCS reimbursement. Export promotion councils and trading houses had asked for an enhancement of the CCS rates on the basis of inflation; however, this demand was rejected by the commerce secretary, A.N. Verma.

ECONOMY

Record harvest

There has been a record production of rice, wheat, cotton, sugarcane, mustard and soyabean, according to official figures. Rice production has exceeded 60 million tonnes; wheat is expected to touch 52 million tonnes and sugar production will be in the region of 10 million tonnes.

Interest rates

The Reserve Bank of India governor, R.N. Malhotra, rejected a plea for lowering the interest rates charged by banks to borrowers. He said that considering the long term rates of inflation and the inherent subsidisation of the priority sector in the in-

Shipping to be export industry

terest rate structure, a lowering of interest rates was not possible. He also said it was not possible for banks to reduce their service charges.

Growth rate up?

S.B. Chavan

According to union finance minister, S.B. Chavan, the Indian economy is expected to register a growth rate of more than nine per cent this year. He said it was even possible that once all the information is collated, this figure could hit double digits. He was speaking at the inaugural function of the 36th meeting of presidents of 15 recognised stock exchanges of the country. Chavan also announced that the Jaipur stock exchange had been recognised.

Hike in outlays

State plan outlays are likely to be raised by about Rs.2,500 crores in 1989-90. This represents an increase of around 12 per cent over the current year's outlay of Rs.20,412 crores. Although all the plans have not been finalised, the trends indicate a 10 per cent hike.

Pepper markets

The Spice Board based at Cochin is looking at the operations of futures market in pepper and considering several proposals to maintain stability and to ensure that India maintains its pre-eminent position in the world.

India which accounts for 40 per cent of the global requirements is also considering an overall scheme to increase productivity on the existing 1.54 lakh hectares. 90 per cent of pepper is grown in Kerala. The state government is also considering a plant to increase production and productivity.

Gas-based power

The energy minister Vasant Sathe said that about 4000-5000 MW of gas-based power units would be added during the next few years. He said these units could be set up in a shorter time, and also avoid environment pollution problems.

CORPORATE

MB threatened

Barlow House, the headquarters of Metal Box India Ltd, is the source of conflict between the company and Ross Murarka Finance Ltd, which threatens to hold up MB's revival package which is up before the Bureau of Industrial and Financial Reconstruction. The building was sold to Ross Murarka in December last year.

No cash was actually paid for the building. What RMF did was to extinguish lease rentals worth Rs.3.35 crores which Metal Box owed the company. RMF moved into the first floor of the building in January 1988.

Metal Box managing director informed RMF that he wanted to retain the fourth and fifth floor of the building. According to Metal Box, the chairman of RMF, Ross Deas, agreed to sell the two floors back to Metal Box and a 'gentleman's agreement' was reached. Ross Deas denies that any such agreement was reached.

Ross Murarka Finance has now moved the BIFR that it adjudicate on its claims to Barlow Housing. A tentative hearing has been fixed for February 1989.

Barlow House: bone of contention

MCI goes public

Monsanto Chemicals of India Ltd, a FERA company is going public shortly. The parent organisation, Monsanto group of USA, which has a 74 per cent stake is diluting its stake to 40 per cent. The Indian company is engaged in the manufacture of agricultural chemicals. The company will offer 340,500 equity shares of Rs.10 each at a premium of Rs.8 per share. Shares worth Rs.4.29 lakhs are being reserved for employees, directors and business associates.

UBI plans tie-up

United Bank of India is planning to float a subsidiary in collaboration with a foreign merchant bank and a private Indian business house. The main functions of the subsidiary will be to mobilise resources for investment in capital markets, venture capital assistance, mutual funds, investment banking, offshore fund raising and leasing finance. The subsidiary will have a capital of Rs.25 crores of which Rs.10 crores will be subscribed. The project awaits RBI clearance.

DFC rapped

The Monopolies and Restrictive Trade Practices Commission has found a prima facie case against Deepak Fertilisers and Chemicals Corporation Ltd of making false and misleading representations to the public on its Rs.190 crore debenture issue.

JK Chem closure

The Board for Industrial and Financial Reconstruction seems to have made up its mind finally to direct the closing of J.K. Chemicals Ltd. The arguments of the company management, led by Vijaypat Singhania, for making it a subsidiary of Raymond Woollen Mills was rejected by the Board.

Kerala lauded

Kerala's unique status of a fairly equitable development without high levels of economic prosperity received a nod of approval recently from Saroj Kharpade, minister of state for health and family welfare. She was inaugurating the Rs.40 lakh welfare centre of Hindustan Latex, Trivandrum, the world's largest manufacturer of condoms.

"Kerala's success was due to increased education of the masses and higher literacy levels, especially female literacy," the minister said. Kerala had bagged the top award for family planning in the past year. The minister pointed to how the

state which had the country's highest population growth rate in 1951 had now reduced it to only 1.2 per cent, on par with some economically advanced countries.

BHEL bags

Bharat Heavy Electrical Ltd has bagged the maximum number of British Safety Council awards for the year 1988. Out of 30 enterprises selected for the award 3 units of BHEL located at Bhopal, Hardwar and Hyderabad have bagged the prestigious International 'Sword of Honour' for Safety.

Only eight organisations located outside UK have been selected for these awards. Besides India, companies in Sri Lanka, Indonesia and Namibia have won the Safety Sword for 1988.

Enterprises were selected for the awards on the basis of performance. The different categories included low accident rates, longest accident free period and safety performance in key areas.

Vayudoot

The Planning Commission proposes to curtail the operation of Vayudoot Airlines. Despite the fact that the airline is heavily subsidised, it has made a cumulative loss of Rs.80 crores in the past four years. An analysis of the corporation shows that the fares are not in conformity with its operational costs.

Whilst Shivraj Patil, minister for tourism, is gunning for major growth of the civil aviation sector, the Commission is determined to restrict the plans for elitist mode of transport.

Federal Bank

The Federal Bank Ltd has become the first private commercial bank in Kerala to enter merchant banking. As sub-brokers to the recent Rs.190 crore debenture issue of Deepak Fertilisers and Petrochemicals Corporation Ltd, Federal Bank, based in Alwaye, helped organise a string of investor conferences in Kerala, a state where the 'equity cult' is still nascent. With over 80,000 non-resident accounts, the bank (current deposits: over Rs.800 crore) hopes to underwrite many more issues and make its mark felt in the competitive business of merchant banking.

INDUSTRY

Policy report soon

Abid Hussain

The expert committee set up to expedite the implementation of the new textile policy will submit its report by the end of the month. The committee, headed by Abid Hussain, was constituted last year. According to the minister of state for textiles, Rafique Alam, the present policy focusses on the consumer and not on any particular sector. If quality was the objective, then some degree of competition among the power driven textile sectors could not be avoided, he said.

13 drugs exempted

The Kelkar committee has recommended that 13 drugs be exempted from government price control, and four drugs be shifted from Category I to Category II. Category I drugs are allowed a Maximum Allowable Postmanufacturing Expense (MAPE) of 75 per cent whereas Category II drugs are allowed a MAPE of 100 per cent. The four drugs shifted are paracetemol, rifampicin, timolol and sodium sulphacetamide.

Higher growth

Electronics, telecommunications, some petrochemical items, commercial vehicles and food processing and agro-based products are likely to achieve the highest growth rate of 15 per cent per annum during the Eighth Plan period, according to Assocham's projections. Paper and paper products, cotton textiles, blended fabrics and fertilisers are envisaged to grow between five and ten per cent while jute textiles and tobacco will lag.

Export strategy

The State Trading Corporation (STC) is reformulating its export strategy and delegating powers to general managers to ensure quick decisions. The emphasis will be on boosting the exports of non-canalised items; these will be put under the overall charge of an executive director. It has also been proposed that profits made on exports should be used for further export promotion. This year, STC hopes to achieve an export turnover of around Rs.580 crores.

TV component prices

The department of electronics has asked the Bureau of Industrial Costs and Prices (BICP) to work out a pricing formula for colour, and white/colour picture tubes and other components. The formula suggested by the BICP will be binding on both the component suppliers and TV manufacturers. This decision was taken to check unilateral price hikes by component manufacturers. The other objective is to control runaway prices of imported picture tubes.

Price reimbursement

The government will shortly introduce a fast track to expedite settling exporters' claims under the international price reimbursement scheme (IPRS). The scheme is called the simplified procedure scheme (SPS), under which exporters of proven track record will be given 75 per cent of their claims within seven days. The balance 25 per cent will be cleared when all records have been checked and only those exporters who have shown a consistent performance will be eligible for this consideration.

Integrated project

Nearly 2 million cubic metres of gas (worth Rs.80 crores) is currently being flared for want of an integrated link. The Public Investment Board is considering a Rs.900 crore integrated development plan which will facilitate utilisation of gas by diverting it flexibly and reaching it wherever consumers are.

The plan has assumed importance now that ONGC has drawn up a plan to raise production to 7 million tonnes from the western region during the Eighth Plan.

Safety cell proposed

The director general of civil aviation (DGCA) has directed all the three national airlines to create a cell for monitoring flight data. This data will be analysed to locate deviation. The airlines will also be required to regularly monitor readouts from the cockpit voice recorder to ensure that operating procedures and check lists are followed by the crew.

Duty collection

The Bombay high court has stayed the collection of Rs.300 crores by way of additional excise duty on textiles. This order was passed while admitting writ petitions filed by independent textile processors. Out of around 400 independent processors, about 25 major processing houses have obtained stay orders. The problem has arisen on account of introduction in Maharashtra, of sales tax on transfer of property on goods involved in the execution of Works Contract Act 1985.

Indian cigarettes

A World Health Organisation study has revealed that the most popular brands of ciga-

rettes in China and India have 20 mg of tar per cigarette, 5 mg more than cigarettes in the United States. According to the WHO while nicotine causes addiction, tar causes lung cancer. Cigarette smoking accounts for 90 per cent of all cancer and 75 per cent of bronchitis.

LABOUR

Mill talks cut

Bilateral talks on reopening the Bangalore mills of Binny Ltd have been suspended. D. Leelakrishnan, legal advisor to the Binny Mills Labour Association, blamed the management's adamant attitude for the standstill. He said the union had accepted certain conditions but the management was insisting that all its terms be met.

Co-ops for mills

The Maharashtra government will permit co-operative societies to run sick textile mills, according to a recent statement by chief minister Sharad Pawar. Workers of such mills have been advised to organise themselves into co-operative bodies. The state government has appointed a committee for reviving about 10,000 sick units employing over 500,000 workers.

KTL gearing up

Kamani Tubes Ltd, where a workers' scheme to revive the sick company has been approved by the Board for Industrial & Financial Reconstruction, has come nearer to commencing operations.. The Maharashtra government has released Rs.11.26 lakhs as the first instalment for start-up costs; the workers have chipped in with an equal amount. Maintenance and reconditioning of the plant are in full swing. The co-operative is likely to begin operations by mid-February.

GKW to reopen

Guest Keen Williams Ltd will reopen shortly after a 15-month closure. An agreement has been reached between the workers, management and the state government.

PSU pay scales

The union cabinet is likely to take a decision on the pay scales of public sector undertakings (PSUs) by the month-end. The cabinet is considering the final report of the Justice Misra Committee which has been looking into the matter. Two previous reports of the committee have been accepted already, leading to expenditure of Rs.200 crores on the part of the PSU's. If the final report is also accepted and pay scales and dearness allowances revised, there will be an additional Rs.100 crores of expenditure. The Misra panel has also recommended higher house rent and city compensatory allowances.

Octroi stir ends

The Bombay Municipal Corporation's octroi employees have ended their agitation which lasted more than a week. An agreement was reached between municipal commissioner S.S. Tinaikar and Municipal Mazdoor Union.

DIARY

DATE	SUBJECT	ORGANISER	VENUE
23-25 January	**Strategic Computerisation**	O.D. Systems, 2, Kalyanpur House, 3rd Road, Khar West, Bombay 400 052 (Tel: 549558)	The Resort Hotel, Bombay
24-31 January	**Software Project Management**	INTECOS, 7, Community Centre, East of Kailash, New Delhi 110 065 (Tel: 6432335)	Bangalore
25 Jan-3 February	**INDIAPACK '89**	Trade Fair Authority of India, Pragati Maidan, New Delhi 110 001 (Tel: 3315277)	Pragati Maidan, New Delhi
25 Jan-3 February	**AHARA '89**	Trade Fair Authority of India, Pragati Maidan, New Delhi 110 001 (Tel: 3315277)	Pragati Maidan, New Delhi
29-30 January	**KAUTILYA — 89**	Institute of Management and Entrepreneurship Development, Erandavane, Pune 411 038 (Tel: 431060)	Hotel Oberoi Towers, Bombay
2 February	**Improving Communication Skills**	Creative Communication and Management Centre, 2nd Floor, Raja Bahadur Mansion, 8 Ambalal Doshi Marg, Bombay 400 023 (Tel: 273006)	Hotel Oberoi Towers, Bombay
2-13 February	**IMTEX — 89**	Indian Machine Tool Manufacturers Association, 82 Jolly Maker Chambers II, 225, Nariman Point, Bombay 400 021 (Tel: 2023271/2027931)	Bombay
2-9 February	**Energy Conservation Week**	Government of India, Ministry of Energy, New Delhi	New Delhi
3-4 February	**Management Explorations — Realms of Greatness**	Calcutta Management Association, 1, Shakespeare Sarani, Calcutta 700 071 (Tel: 442815/432073)	Oberoi Grand, Calcutta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SHASHI GOPAL

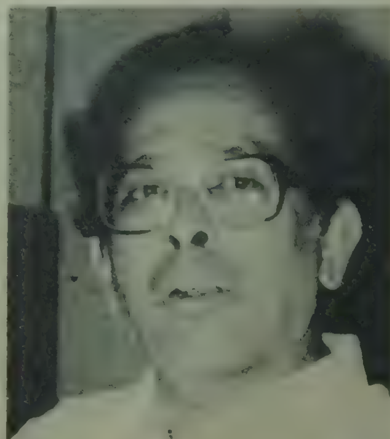
Obviously, Shashi Gopal, managing director, Magnasound prefers to call his own tunes. And by end-January he will be doing just that. Magnasound, under an exclusive licensing arrangement with WEA International Inc, a subsidiary of Warner Communications, is launching 25 cassette titles this month. "Excellent quality at competitive prices," promises Gopal who was president of

CBS India before he decided to strike an independent note. Magnasound is a closely held family company with a seed capital of Rs.10 lakhs.

The factory at Madras has an installed capacity of 300,000 cassettes per month and should get rolling at a 50 per cent capacity utilisation level by June this year. Until then, Magnasound's production will be subcontracted to Universal Cassettes and Sagarika Accoustronics. After the first three months, Gopal estimates a Rs.25 lakhs per month turnover. Given that most Indian music companies are financially out of tune will Gopal succeed in making sweet music? Or is he just another piper with a pipe dream?

B.N. BHAGWAT

While one would expect businessmen to invest in growing industries, B.N. Bhagwat, managing director of the Electronics



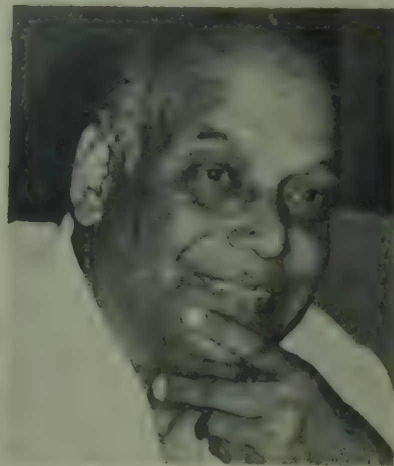
Trade & Technology Development Corporation (ETTDC), sees scope in one that isn't growing. "The production of radio sets in the country has been stagnating at around 7 million sets annually for some time," he says. "We see for ourselves a role to play here."

The ETTDC, which supplies kits for black and white TV sets, now plans to get into FM radio kits by March this year. As with the TV kits, the ETTDC will ensure that prices stay within reasonable limits to protect small scale units. Next on the cards, according to Bhagwat, are personal computers and VCRs — a proposal to collaborate with a Japanese company for the VCR project is awaiting the nod from Delhi.

M.D. JINDAL

It was 35 years ago when M.D. Jindal returned from England armed with a degree in automobile engineering and a bagful of ideas for the automobile industry. Machino Techno, the first firm he set up to import steel and machine tools for the automobile industry, is now part of the Rs. 40-crore Jindal group of companies. And Jindal still has steam in him.

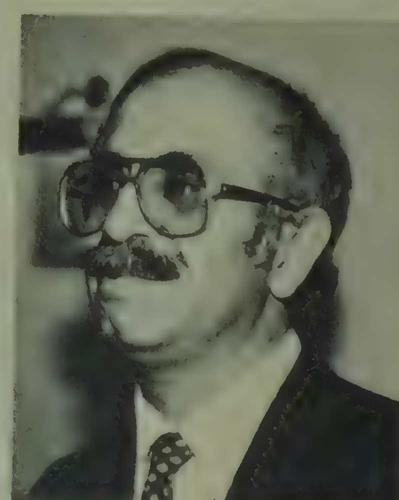
A longstanding relationship with Maruti Udyog Ltd — Jindal is the largest dealer for Maruti cars in West Bengal — has now sprung a joint venture. Machino Plastics Ltd, in which Maruti Udyog and the Jindal group will share equity, is a Rs.6.33 crore project to manufacture heavy duty plastic parts for Maruti cars, such as bumpers, grills



and instrument panels. The plant has just been commissioned, but Jindal is already talking about expansion.

PRAKASH AHUJA

Professional retailing, one of the biggest businesses abroad, is now taking its roots in India. And the pioneer of this concept is Prakash Ahuja, the promoter director of Mothercare India



Ltd. "The company is a one-stop supplier of all items required by children — toys, infant products, footwear, garments, children's accessories, furniture, etc," says Ahuja, whose company has plans to issue 6 lakh equity shares for cash at par to finance its expansion plans.

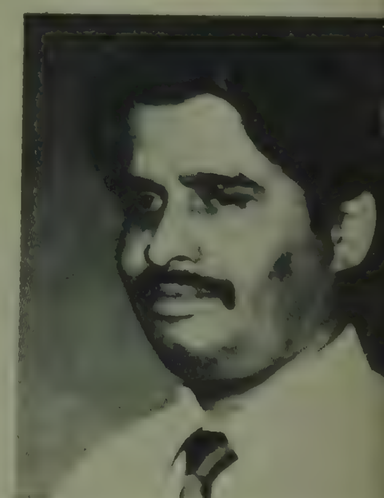
The first retail store was opened in New Delhi in 1987, followed by several more stores in Cochin, Jaipur, Bangalore, Madras and Hyderabad. Each store of the company called 'little kingdom' is modelled on similar stores abroad.

According to Ahuja the market for children's products, which is currently around Rs.750 crores is expected to ex-ceed Rs.1000 crores in the n decade.

P. VENUGOPAL

Look around and you will fin proliferation of tie-ups betwe Indian advertising agencies a foreign ones. But not many ha been able to make capital bagging overseas clients.

The Bombay-based Clea A vertising, however, is one of t exceptions. P. Venugopal, one



the three partners who got to gether three and a half year ago to set up Clea says "We have been retained as an advertising consultant on a three year con tract by Oman Textile Mill Com pany, Muscat, for launching th first textile company in the Gulf." The company is part of a 63 company group in Oman.

"We are perhaps the only Indian agency to handle an overseas account with no foreign tie-up or a setup abroad," says Venugopal. The initial advertisement expendi ture incurred was Rs.70 lakhs to be followed by an annual budget of Rs.50 lakhs.

Clea which expects total cap italised billings of Rs.5 crores by March 1989 has bagged three more accounts in Oman.

RAMESH CHANDRA

With the Middle East boom for the construction industry dying out, Ramesh Chandra, manag ing director of Unitech Ltd, has

decided to focus his company's efforts on real estate development. "We intend to develop small townships in big cities," says Chandra. "Construction of mini townships in Delhi and Lucknow is already under way." The company currently has nine such projects on its order books.

For Chandra, who along with three fellow technocrats set up Unitech in 1971 with Rs.70,000 in the bank, real estate development should bring in the big bucks — the current turnover of Rs.52 crores, however, is not a mean figure. Funding the projects on hand in part is a public issue of 10.57 lakh equity shares of Rs.10 at a premium of Rs. 8 each that will open in early February.

SIR ADRIAN CADBURY

India is high on the agenda for worldwide expansion plans at the UK-based chocolates and food beverages multinational Cadbury Schweppes. "We plan to invest in countries that will

be major markets in the coming years, and India clearly ranks very high there," says Sir Adrian Cadbury, who was in Bombay last fortnight on a farewell visit to Hindustan Cocoa Products Ltd (he retires in May this year), the Indian arm of his group.

Sir Adrian does not have a common strategy for the emerging markets of India and China. "It would be a mistake to speak of them in one breath," he says. "India has a well-developed infrastructure for financing and existing marketing and distribution networks. China is far behind there. I would put emphasis on building up the Indian operation." Hindustan Cocoa, which has diversified into biscuits and ice creams, is preparing to launch sugar confectionery as well.

W. BRETT ALLEN

It's business in bricks and mortar for W. Brett Allen, joint managing director, Ossory Estates Plc (1988 turnover: 20.8 million pounds). Investment, development and dealing/trading in

property are the UK-based Ossory's prime activities. And retail development, especially shopping centre refurbs, is the property sector that Ossory has zeroed in on — almost half of the company's 30-million-pound holdings are in this segment. The reason? According to Allen, "We believe that retail will outperform other sectors. I'm no economic pundit, but what passes through tills and shops directly reflects spending power. And rental values are based on this."

Shopping centres as they are recognised worldwide are conspicuously absent in India. That and the need to "get international" motivated Allen's one week exploratory visit. In essence, Ossory is seeking for an Indian partner to forge punchy consultancy links with. Unlike the shopping centres of Singapore and Hong Kong, which woo the punters passing through, Allen suggest that creating a comfortable shopping environment for local shoppers might be the best bet for the Indian market.

A. KWASNIEWSKI

On his first visit to India and Bombay, A.Kwasniewski, minister in the council of ministers, government of the Polish People's Republic, said that Bombay was very similar to the seaside town in Poland where he grew up. "Apart from being great tourist spots, seaside towns are a country's link to the outside world and economic growth," he said.

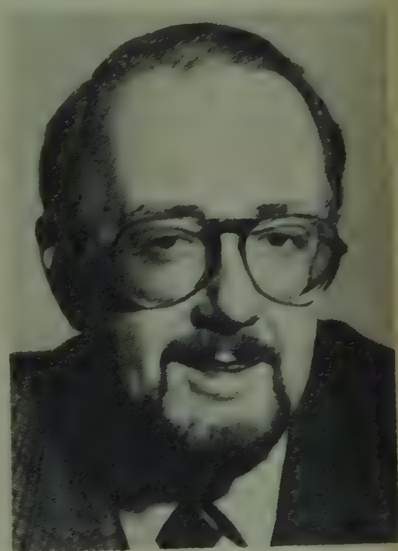
Commenting on the excellent rapport that has developed between Indian trade organisations and the Polish Chamber of Foreign Trade, Kwasniwski said Poland is proud to consider India as a "priority trading partner". Considerable effort has been made on promoting economic ties between the two countries, and to give further fillip to it a new body known as

the Bombay Chamber of Indo-Polish Trade and Industry has been set up.

He said that trade in 1988 amounted to about Rs.594 crores — which was equally shared between the two countries.

KARLHEINZ WISMER

Karlheinz Wismer has spent half of his 52 years working for Dusseldorf Trade Fairs, one of the largest in the world. As its executive vice-president he oversees 30 fairs — some of them annual, some biennial and triennial — 20 of which are the largest in the world. "I went to work there during my holidays while in college," he says, "and when I finished college, they offered me a job and I stayed on." Wismer is a frequent visitor to



this country, having come here for the first time in 1983.

He claims that his efforts at selling his trade fairs has been fairly successful. In 1986 at the plastic products show, there were 6,500 Indian visitors which constituted nearly 10 per cent of the foreigners at the fair. And when the Indians complained about the non-availability of ethnic food in Dusseldorf, Wismer promptly helped set up an Indian food restaurant in the trade fair's premises. "That has proved to be very popular," he says, "and I am expecting a large number of Indian businessmen at the Dusseldorf fairs this year."

IODISED SALT

Sans iodine

UNICEF is all set to launch a multi-million dollar nation-wide publicity blitz to promote awareness about iodine deficiency diseases (IDD) on behalf of the government of India in late January or early February. Says David Haxton, regional director, UNICEF, "It is in fact a crime to allow one more child to be a cripple."

About 40 to 50 million Indians are directly afflicted by ID related diseases and on a conservative estimate nearly 200 million are at risk. Aptly called the "stealthy scourge", the most visible manifestation of IDD is goitre, an abnormal swelling on the neck.

Extreme form. Iodine deficiency diseases comprise a spectrum of disorders from goitre to stunting of the limbs. The extreme form is cretinism. Iodine deficient women suffer still births and abortions. There is no cure for IDD related diseases but they can be easily prevented through the consumption of iodised salt.

The average daily adult requirement of iodine is 150 micrograms, an amount that would cover a pinhead. An average lifetime's requirement would add up to less than a teaspoonful. Though iodine is found in the soil it leaches very rapidly. If the soil is poor in iodine all the crops grown in the area will be deficient in it. The only feasible method of being certain that iodine is consumed by millions of people is by iodising salt at the manufacturing stage and ensuring that it reaches the consumer with the requisite quantity.

The iodine content in salt has been specifically laid down by the ministry of health and family welfare in its notification dated 10 November 1987, which amended the PFA rules in relation to iodised salt. It stated that with effect from 10 February 1988 "iodised salt shall contain not less than 30 particles per million (PPM) of iodine at the manufacturers level and not less than 15 PPM of iodine at the consumers' end". This means, as clarified in its circular to the manufacturers by the Salt Commissioner, that from 10 February 1988 iodised salt at the manufacturers' end shall contain not less than 50 PPM of potassium iodate and that at the consumers' end not less than 25 ppm of potassium iodate.

Countless brands. The Indian market is flooded with countless brands of 'iodised' salt. Some declare the iodine content, others couldn't care less. Only a couple of brands have an expiry date. Even the most reputed brand, 'Tata', made by Tata Chemicals Ltd, is marketed without an expiry date. It is essential to give this date because the iodine content in salt is affected by prolonged exposure to direct sunlight and moisture as well as the duration of storage. In fact, a brochure produced by UNICEF for the ministry of health and welfare advises consumption within six months of purchase.

Cretinism: an extreme manifestation of IDD

The TATA salt packet gives the iodine content at 15 PPM of potassium iodate at the consumers' level, which is a gross violation of amended PFA rules, and liable to prosecution. Tata Chemical officials, while unwilling to be quoted, maintained that the actual iodine content in the salt was well within specified limits. They could not explain the obvious discrepancy between the iodine content mentioned on their packets and the specifications under the PFA rules. They added they were not obliged under the law to mention the iodine content. The Sambhar brand made by Hindustan Salts Ltd, a public sector undertaking, also violates PFA rules and does not declare the iodine content. There are other brands in the market like Amul, Kani, Birla, Lata, Appu, Avon, Vikas, etc, most of which do not declare the iodine content as well as the manufacturing and expiring dates.

Salt manufacture is almost entirely in the hands of private industry. The production of salt in 1987-88, both iodised and non-iodised was 98 lakh tonnes while consumption was 80 lakh tonnes. A UNICEF sponsored study by a reputed marketing and research organisation has shown that "producers are not worried about goitre or IDD control and there is no attempt to disguise an attitude of we-are-in-it-for-quick profits". It notes that the "economics of the salt business makes it eminently possible for a producer to make profits".

Irregular testing. The enforcement of iodation standards is not related to actual levels of potassium iodate but to how well the local inspector is "taken care of". There is no evidence of regular testing of iodation levels. Laboratories do not exist or are in very poor condition. Claims of laboratories being shared among producers are "unbelievable". Plant and operating conditions in most of the salt units are substandard and violate minimum requirements for preventing iodine loss. The study concludes that what is going into the market as iodised salt is not, with some exceptions, iodised or adequately iodised salt.

A plethora of official agencies are supposed to enforce iodisation. The Office of the Salt Commissioner based in Jaipur controls iodation capacity and enforces standards during production. The Food and Civil Supplies Department distributes salt through the public distribution system. At the state level it is the responsibility of PFA inspectors to ensure adequate iodine levels at the retail level. PFA inspection, concludes a UNICEF-sponsored study, is inadequate and, the inspectors have a notorious reputation.

At the senior level there is apathy; a senior official in the ministry of health and family welfare actually advised *Business India* to "sleep over the story". The UNICEF which had made a 40 minute film called "The Stealthy Scourge", targeted at decision makers in the government, is seriously considering slashing the time because "senior bureaucrats would not have 40 minutes to sit through an entire film". Not an entirely promising prospect for eradicating iodine deficiency diseases.

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NRI BONDS

Elusive big money

The worsening foreign exchange crunch has left the government with little choice — the wooing of non resident Indians (NRIs) for deposits in India will have to continue. While FCNR and NRE accounts continue to attract NRI money by offering higher interest rates, the 1988 budget speech saw the finance minister announce yet another instrument — 7 year NRI bonds — aimed at building up the country's dollar reserves.

Possible extension. State Bank of India, the marketing agent for the new instrument, launched these bonds in mid-November 1988. Although the issue was initially to be closed within two months, on 15 January 1989, it is now likely to be open for a further one month if the Reserve Bank approves. The postponement of the closing date is mainly for the benefit of Saudi investors. "We have had excellent response from Saudi and we want to cash in on two more fortnightly pay days in that country," says Bharat Bhattacharya, deputy managing director in charge of the international division at SBI.

Although a number of press reports placed government expectations from the new bonds at around US $ 200 million, SBI officials say that their own assessments ranged from $ 50 to 100 million. According to information available with SBI's head office in Bombay at the time of writing, the bonds have fetched $ 44.86 million, with a couple of million more in the pipeline.

The enthusiasm or the lack of it among NRIs can probably be explained by a unique feature which sets their bonds apart from FCNR deposits — the funds invested in the former are non-repatriable. In order to offset the non-repatriability, the government has offered other incentives which were expected to be attractive to the NRIs.

- The bonds carry an interest rate of 11.5 per cent, one per cent higher than that payable on FCNR deposits.
- The bonds can be bought jointly with both NRIs or resident Indians while FCNR deposits can jointly be held only with NRIs.
- The bonds are exempt from income and wealth tax till maturity. If the investor were to return to India, or gift the bonds to any "close relative" who is a resident Indian, within the 7-year maturity period, he or the latter can continue to hold the dollar-denominated bonds and the tax exemptions would continue to remain in force.
- The investor would be hedged against any fall in the value of the rupee. At the end of the maturity period, both the principal amount and the interest would be converted to rupees at the then prevailing dollar-rupee rate.

The fact that even with these extra sweeteners, the bonds failed to attract big money only drives home the point which bankers have been making ever since the start of the increased effort to attract NRI funds. "To Indians settled abroad any effort to tickle their patriotism is of little use," says Bhattacharya. They will invest in India only as long as it makes business sense. With repatriable FCNR deposits they can get a higher yield but as soon as interest rates rise in other parts of the world, their interest in India will slacken. The geographical spread of the countries where the investments in bonds are made underscores this.

Despite marketing efforts in the Middle East, the UK and the USA, the response has been better in the Middle East and predominantly from the middle and low income investors who have strong roots in India and definitely wish to return.

If the success of the bonds are to be measured in terms beyond mere millions, then it should be in the response from the most unexpected parts of the world. "Amounts, albeit small, have come from Moscow, Poland, Canada, the Bahamas and the Netherlands," says Bhattacharya "indicating NRI sources which may be tapped later."

KEYA SARKAR

OIL EXPLORATION

New levy rattles offshore industry

Pre-budget price hikes and tax levies are not uncommon, especially in an election year when there are political compulsions to spread the shocks. The latest of such efforts — a 25 per cent customs duty (30 per cent, including the drought surcharge of 5 per cent) on imports of equipment and supplies for the offshore oil exploration and exploitation industry — has got the oil industry hopping mad.

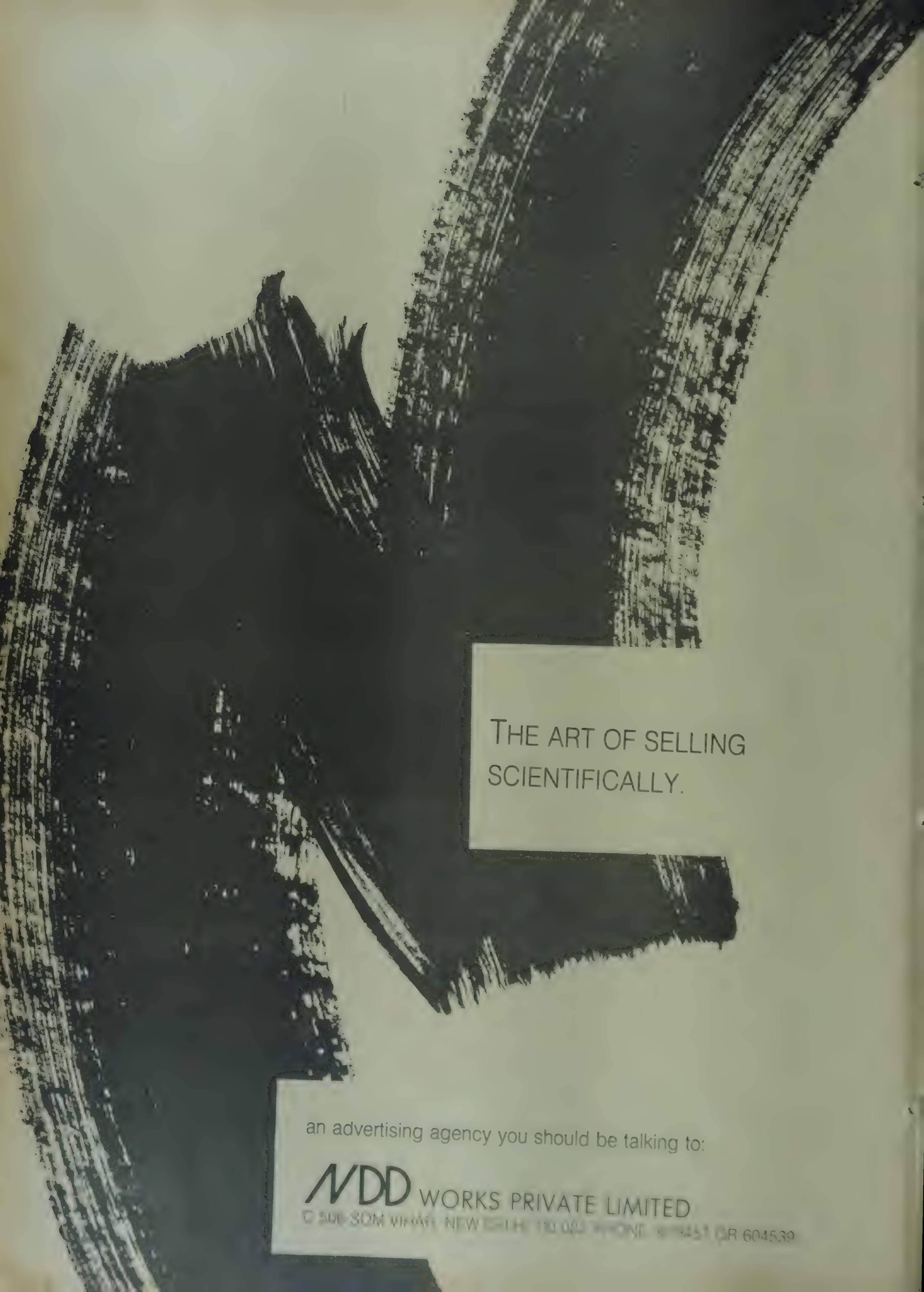
Immediately, this move will throw out of gear the finances of the Oil and Natural Gas Commission (ONGC) and the private contractors from whom it hires rigs, support vessels, construction and related services *(see box)*. While ONGC officials declined to comment or indicate the size of the additional burden, industry watchers estimate that between now and March 1990, the import bill will swell by about Rs.250 crores for the ONGC, and Rs.80 crores for its contractors.

Essar support vessel: costs shoot up

Thrown away. While future contracts will obviously provide for the additional duty element, contractors don't know whether the ONGC will allow retendering of contracts for which bids have already been sent in, and letters of intent issued. As for the charter hire contracts that are currently under execution with the ONGC, renegotiating is out of question, say contractors — the agreements stipulate that all cost increases, including duty levies, will be footed by the contractors.

"Our whole budget has gone topsy turvy," says M.D. Nautiyal, chief executive of Essar Gujarat's energy division — the Essar group, including Essar Shipping, has several rigs and offshore supply vessels on charter hire with the ONGC. With the operating costs of a rig in the region of 10 per cent of the charter hire rate (about $23,000 a day), the increase would work out to about Rs.15,000 each day — almost all of the industry's requirements are imported.

Indigenisation threatened. "Besides increasing the cost of oil and gas produc-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The hit list

The customs notification of 31 December 1988 slapping a duty of 25 per cent on imports of equipment for the offshore oil exploration and exploitation industry, will be in force at least till 30 November 1989. The 26 categories affected:

- Seismic survey vessels, including shore-based radio positioning location systems and magnetic tapes; drilling rigs and equipment; helicopters; supply boats; and equipment for specialised services such as cementation, among others.
- Castings and tubings; drilling bits; chemicals for mud preparation; process, production and well platforms including equipment required on these platforms; line pipes; pipe lay barges, cranes, trenchers and derrick barges, among other equipment required for platform installations and laying of pipelines.
- Single buoy mooring systems, oil tankers; pollution control and fire prevention vessels and their repairs and maintenance equipment; oil and gas chemicals; and stores, spares and other consumables required for offshore operations, repairs and maintenance.

tion, this duty will also upset the industry's indigenisation effort," says a senior member of a Confederation of Engineering Industry (CEI) delegation that met officials of the petroleum and finance ministries in New Delhi last fortnight, in a bid to get the decision reversed. He feels that foreign contractors, who own rigs, supply boats and other equipment that have more than recovered their investments over the years, will be able to quote rock-bottom rates and out-price Indian companies. Currently, Indian bidders are allowed a price preference of between 10 and 40 per cent on a graded scale, over the lowest foreign bid. He points out that with the country's self-sufficiency in oil declining from about 75 per cent in the mid-eighties to about 60 per cent last year, the pressure to produce more and indigenise services is mounting. "More production means more investments, and this duty will increase the ONGC's funds requirements," he says.

Industry sources feel that the finance ministry may have wanted to bring the offshore industry on par with its onshore counterparts. The onshore oil and gas industry is subjected to a customs duty of 25 per cent. Industry spokesmen do not see this argument making sense, and point out that the capital costs for offshore equipment and the risks involved are far higher than those for the onshore industry.

The industry, represented by companies such as Essar, Hitech Drilling, Aban Loyd Chiles, is pinning its hopes on the petroleum ministry (which has opposed the duty levy) to get the finance ministry to scrap the duty — an interministerial meeting scheduled to be held later in the month will hopefully settle the issue one way or the other.

■ SHANKAR P.

BANKERS'-BORROWERS' MEET

At cross purposes

The "Bankers'-Borrowers' Meet 1989", a seminar on industrial sickness in the small scale sector, was organised by the All India Association of Industries (AIAI) on 14 January 1989 at Bombay to commemorate its silver jubilee. The seminar was dominated by bankers. Borrowers, in this case small entrepreneurs, were vastly outnumbered and took the back seat.

No real solutions emerged. The speakers used the opportunity to air their views and spoke mostly at cross purposes. Vijay Kalantri, president of the AIAI, had something grandiose in mind. In his AIAI approach paper he covered wide-ranging issues related to industrial financing in general, and not specifically to the small scale sector. The governor of the Reserve Bank of India rejected outright any suggestion to reduce interest rates on loans. Chairmen of public sector banks and banking and finance experts had come to give the audience their own views of the banking scene in India.

Chavan: Why am I here?

Call for specifics. S.B. Chavan, union finance minister, and chief guest at the occasion was visibly surprised at the meanderings at the seminar. He said, "I have already had pre-budget discussions in Delhi, and have come here to find out about the extent of industrial sickness in small scale industries." He wanted a point by point appraisal on the extent of industrial sickness amongst the small scale sector industries, which by all accounts has assumed alarming proportions.

State industry secretary, Sharad G. Kale was called upon to present the figures on the basis of an assessment conducted in 1988 at the behest of the RBI. The findings showed that out of 150,000 small units in Maharastra as many as 10,500 were sick. The banks were supposed to have made viability studies on those units that could be rehabilitated, under a "nursing" scheme. The bankers present on the dais, totally unprepared for this, were unable to give the numbers that the finance minister asked for.

Realising that Chavan wanted specific information on the small scale sector, Minoo Shroff, financial advisor to the J.K. group of industries, D.R. Pendse, economic advisor to the Tata group of industries and Y.P. Trivedi, tax consultant and advocate, all curtailed their speeches. They had all come with papers on the economy in general.

Quite unsatisfied with the proceedings, the finance minister asked the governor of the RBI to convene a real meeting of bankers and borrowers, at the earliest, where the borrowers would also be present to take up the problem facing the small scale sector on a war footing. He said, "I am not so interested in the medium and large scale sector, it is the small sector that is of great concern to me."

In its twenty fifth year, the AIAI celebrations seems to have fallen apart all around them. By Kalantri's own admission, the recent four day Invest-Expo 89 the first of its kind, was not quite the success they hoped it to be either. He said, "there were lots of visitors but institutional support was lacking."

■ SHIV TANEJA

EMIGRATION

A thoughtless move

Nothing perhaps better symbolises the wishy-washy, *ad hoc* way the government of India treats its emigrant workers than its recent attempt to enforce a regulation regarding prepaid ticket advice (PTA). In the second week of December the labour ministry issued instructions that emigration clearances should henceforth be given only to those who produce a PTA.

The avowed purpose of the regulation was to ensure that foreign employers themselves foot the bill for transporting the Indian worker to and from his place of employment, as originally envisaged in the Indian Emigration Act of 1983.

But actually the move spelt so much hardship for emigrant workers that protests were widespread and vociferous. The government backed down and lifted the regulation in the first week of January.

Loopholes. The regulation was shot through with loopholes: the PTA could have come from the worker's friends or relatives residing abroad. There was thus no way to ensure that it was the employer who was actually paying for the ticket.

Even if the employer did shell out the money, he could have easily recovered it from the worker's wage. Clearly therefore, this move could never have achieved the goal of preventing exploitation. On the contrary, all it did was to push the desperate workers into the greedy hands of touts and operators who, for a hefty price, would produce a PTA overnight.

Further, the PTA need not have originated from Air-India. The worker could produce one from any airline. Thus the government's contention that the move would fill Air-India's coffers and improve the country's foreign exchange earnings was equally shortsighted.

How this ill-advised move affected the migration of workers can be gauged by looking at the confusion it created in Kerala. The state is estimated to account for half of all workers heading for the Middle East, the biggest source of employment for Indian migrant workers. Of the approximately 559,000 Indian workers who went to the Middle East in 1981, as many as 350,000 came from Kerala. The Trivandrum office of the Protector of Emigrants used to clear about 175 workers a week in normal times. The figure came down to 50 after the regulation. On 2 January, the day the labour ministry informally announced the scrapping of

Migrating workers: more hardships

the regulation, Trivandrum cleared only 32 applications.

Visas expire. In the frantic scramble for a PTA, which few employers would willingly give, many prospective emigrants found their visas had expired. The clearance figures of approximately 7,000 at Trivandrum in 1984 had dipped to 5,200 in 1987 before rising again to 6,767 in 1988. But these figures do not offer a true index of emigration, since the government has increasingly exempted several categories of workers from obtaining clearance certificates.

The aborted experiment with PTA brings the other unfair acts of the government into limelight. One such act is the collection of a deposit from each migrant worker. Before 1983, the deposit was a uniform Rs.1,750 for which the emigrant needed to produce only a bank guarantee. The amount now varies for different destinations, eg, Mali: Rs.572, USA: Rs.1,500, Muscat: Rs.3,328, UAE:Rs.3,750. The amount, meant to cover the government's cost of repatriation of an Indian worker, is the equivalent of the air fare from these places to India, and it goes directly into the government's account.

These measures, lofty in theory as in the case of PTA, ironically enough lead to the exploitation of the Indian worker by his own government. In the past decade or so, the government did not have to virtually repatriate any worker. More often than not, the worker's friends and relatives pool money to send him home. The government's declared motive in collecting the deposits is contestable, to say the least.

Further, the government pays no interest on these deposits, which are not exactly meagre. In October 1988, the Trivandrum Protectorate of Emigrants collected slightly over Rs.21 lakhs. For the period January to October 1988 the deposits totalled approximately Rs.2 crores.

Some critics accuse the government of discrimination because it exempts Indian visitors abroad from such restrictions. These foreign exchange spenders are encouraged at the expense of migrant workers who actually bring in the much needed foreign exchange. In the past 12 years, for instance, says economist I.S. Gulati, vice-chairman of the Kerala State Planning Board, their remittances have kept Kerala's economy afloat. "They've been the saviours of our economy," he says.

Favoured treatment. The government's priorities are skewed. It permits recruiting agents to make their deposits (ranging from Rs.1 to 5 lakhs) in the form of bank guarantees. Critics point to how such favoured treatment discriminates against migrant workers most of whom are poor and underprivileged. One remedy would be to introduce a repatriation insurance scheme with a one-time non-refundable premium. Part of the amount so collected could be used to build a welfare fund to aid the rehabilitation of workers returning for good. (Some countries like the Philippines insure their migrant workers against death, accidents and disabilities that may occur at the place of work.)

The government of India has stated in Parliament that it has no resettlement scheme for returning Indian migrants. Some state governments, especially Kerala, have been equally negligent. It's no doubt dramatic to shout from the roof tops about various plans afoot or alternatively, to point accusing fingers all around. But apparently, only when a state's economy begins to plummet will the government wake up to remedy the neglect of its migrant workers. ■

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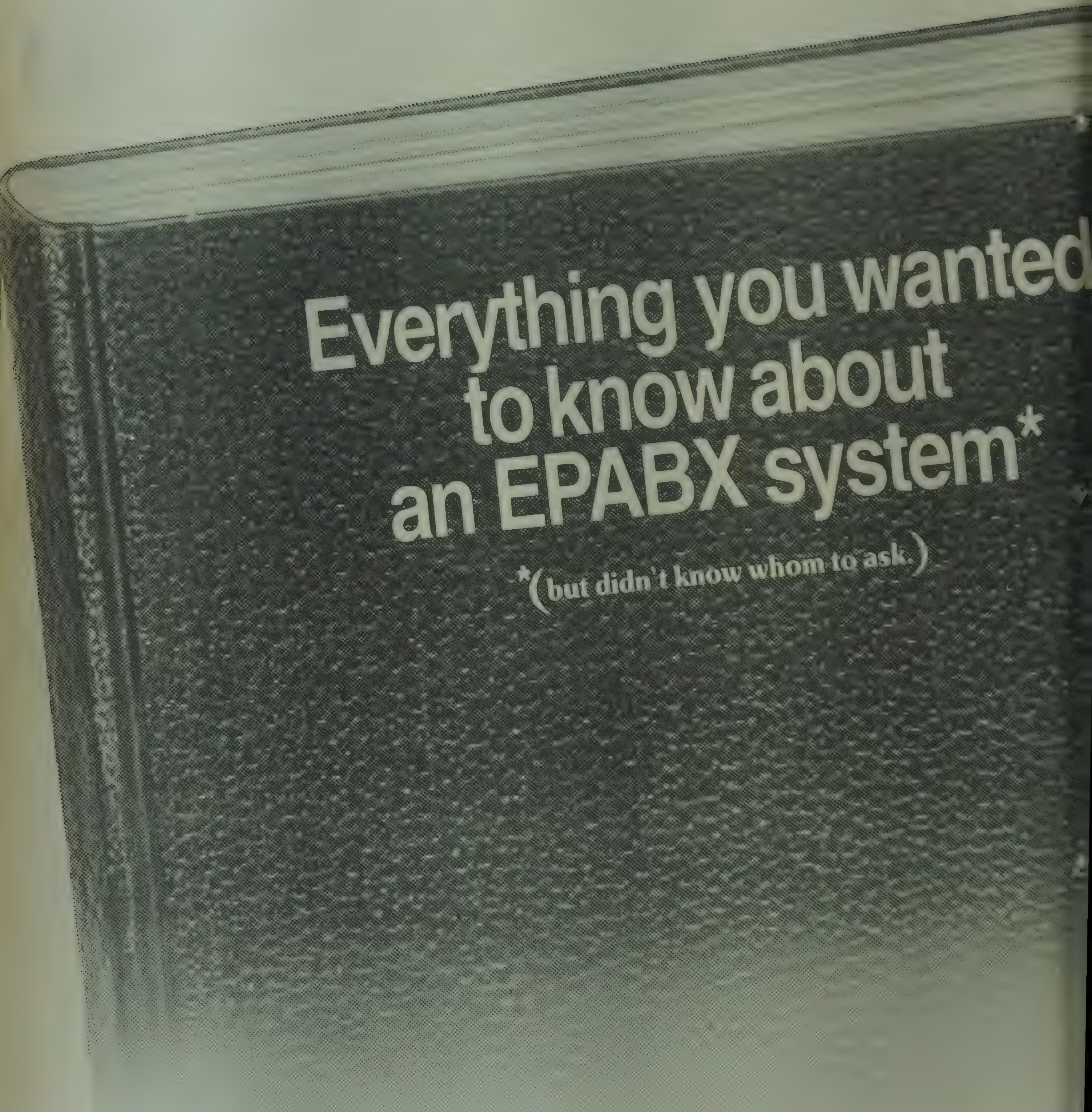
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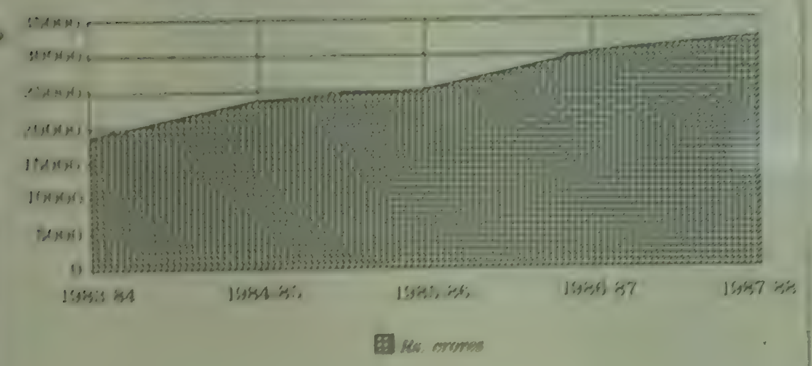
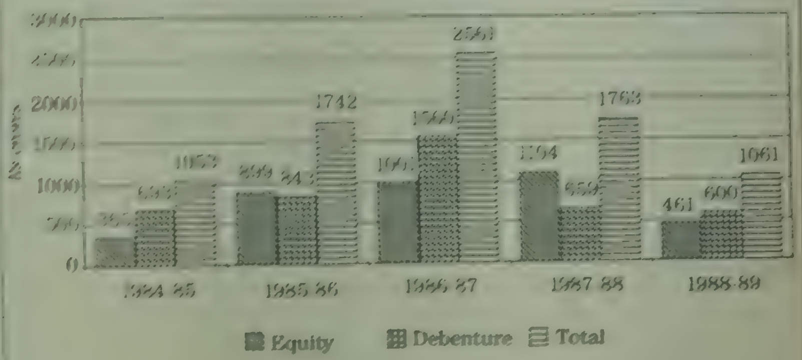
Savings of the household sector



The savings of the household sector have increased from Rs.18,790 crores in 1983 84 to Rs.32,443 crores in 1987 88. This is about 11 per cent of net domestic product. Bank deposits accounted for the bulk (36.1 per cent) of household savings, followed by providend and pension funds (18.15 per cent) in 1987-88. Interest in units has been growing over the years, and while in 1983-84 it accounted for 1.2 per cent of total savings, in 1987 88 it had grown to 4.7 per cent.

Resources raised through the capital market



Capital markets are playing an increasing role in resource generation. Resources raised through the capital market (equity and debentures) by non-government public limited companies in 1984-85 was Rs.1,058 crores, which peaked in 1986-87 (Rs.2,561 crores), and has again declined to around Rs.1,763 crores in 1987-88. In 1988-89, it is expected that the amount should cross Rs.2,000 crores. Debentures remain the favourite and the largest source of resource generation.

Wholesale price index: The all-commodities wholesale price index continues to decline. It has fallen by 0.62 per cent during the month under review. On a year to year basis the index has increased by 6.10 per cent, against 8.2 per cent in the corresponding period of the previous year. In primary articles, the price of pulses, which had been increasing rapidly since March 1987, has actually declined by 6.6 per cent in the month to 17th Dec. 1987.

(1970-71 = 100)

	17 Dec 1988	19 Nov 1988	19 Dec 1987	% change over month	year
All commodities	434.4	437.1	409.4	– 0.62	6.10
Primary articles	417.7	419.6	388.2	– 0.45	7.60
Mfg products	407.0	412.0	388.1	– 1.21	4.87

Money and banking (scheduled commercial banks): Aggregate deposits have increased by a hefty 5.5 per cent during the month under review. This in turn has led to a 5.3 per cent increase in bank credit. Food credit which had been steady in recent months has also increased by 9.3 per cent.

(Rs crores)

	30 Dec 1988	25 Nov 1988	25 Dec 1987	% change over month	year
Broad money (M3)	1,82,374*	1,79,570**	1,56,509	1.56	16.52
Agg. deposits	1,39,440	1,32,144	1,17,246	5.5	18.9
Bank credit	80,123	76,089	67,679	5.3	18.4
Food credit	1,358	1,242	2,840	9.3	– 52.2
Credit/dep. ratio	57.46	57.58	57.72		

** as on 16 Dec '88 ** as on 18 Nov '88*

Bullion prices and stock market index: The price of both gold and silver have hardened in recent weeks. Silver has crossed the Rs.6,500 mark and prices are expected to rise further. The Bombay Stock Exchange index has fallen by 34 points in the month to 12 January 1988, but is up by 38 per cent on a year to year basis.

	12 Jan 1989	14 Dec 1988	13 Jan 1988	% change over month	year
Gold (Bombay)	3,340	3,212	3,490	3.9	– 4.3
Gold (London)	1,957	2,022	2,025	– 3.2	– 3.4
Silver (Bombay)	6,515	6,419	6,262	1.5	4.0
Silver (London)	2,879	3,079	2,842	– 6.5	1.3
BSE sensitive index (1978-79 = 100)	652.24	686.06	472.35	– 4.9	38.1

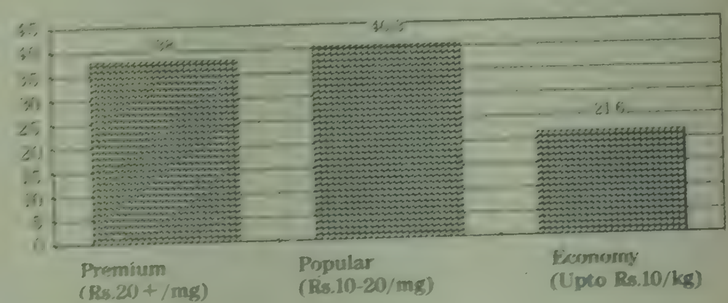
The prices of gold is in rupees per 10 gm and that of silver in rupees per kg.

Detergent cakes/bars

All India market for detergent cakes/bars as at December 1987 was 183,498 tonnes. Of which, the urban sector accounted for 65.3 per cent and the rural sector 34.7 per cent. This is in spite of the fact that 70 per cent of the population lives in the rural sector.

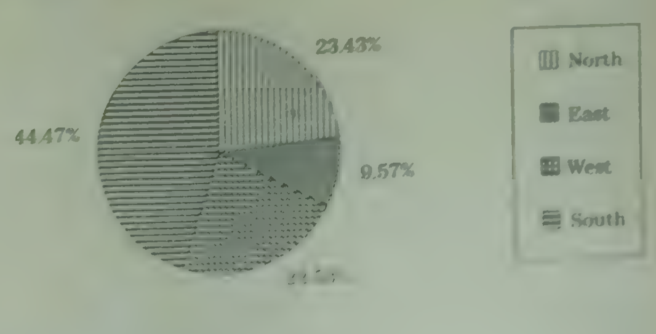
Detergent cakes/bars — by price segment

Of the total market for detergent cakes the popular variety is most popular with a 40.4 per cent market share followed by the premium variety (38 per cent). The economy variety commands only 21.6 per cent of the market, presumably because of the low purchasing power in the rural sector.



Detergent cakes/bars — zone wise

Not surprisingly the south zone accounts for a whopping 44.5 per cent of the all-India market. The south zone is followed by the north (23.4 per cent) and the west (22.5 per cent). The east zone accounts for a dismal 9.6 per cent.



Courtesy: Operations Research Group

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Best growth rate in decade

The economy is poised for a 10 per cent growth rate during 1988-89. This growth rate has been achieved only once before in 1975-76. The above projection was the result of a detailed survey of various sectors of the economy by the Centre for Monitoring the Indian Economy (CMIE).

After three years of drought, the monsoon in 1988 has been excellent both in quantum and spread among the meteorological zones. This has resulted in a 23 per cent increase in foodgrains production and a 16 per cent increase in non-foodgrains production for 1988-89. Of course this hefty increase is from a low base in 1987-88.

But even if one takes into account the fact that food production had reached a plateau of 150 million tonnes per annum, the expected production of around 170 million tonnes in 1988-89 is a 13 per cent increase. The rate of agricultural growth in the Seventh Plan will be around 3.3 per cent as against the 4 per cent targeted growth.

However, in spite of a bumper crop, the procurement of rice in 1988-89 has so far been disappointing. Total foodgrains stock according to CMIE estimates is likely to increase only to 10.5 million tonnes by 31 March 1989.

Regardless of the bumper crop the consumer price index for industrial workers was up by 7 per cent between March and September 1988, compared to an 8.6 per cent increase during the corresponding period in the previous year. The inflation was largely to the sharp increase in the price of foodgrains. CMIE projections for 1989-90 are rather ominous and an increase of around 10 per cent is not ruled out.

Due to the good rains in 1988, the reservoir water levels which had fallen last year have risen substantially resulting in an increase in hydro power generation. But due to maintenance and repair work in thermal power stations, the overall increase in power generation during the period of April-November 1988 has been only 7.6 per cent. But this should increase to around 10 per cent. As in agricultural production, during the first four years of the Seventh Plan, the rate of increase in power generation will be nine per cent against the target of 12 per cent.

Oil production after being stagnant for the last three years at around 30 million tonnes is expected to increase by six per cent in 1988-89. The sharp fall in oil prices should reduce the import bill this year. Also the better utilisation of natural gas, which acts as a substitute for kerosene and LPG should help to reduce imports.

Railway freight and ports have both registered increases in terms of volume of goods handled. The ports are gearing up to take on more container traffic.

The good performance by infrastructure industries such as coal, oil, petroleum, steel and fertilisers has had a positive impact on industrial growth. These industries together, according to CMIE estimates, accounted for 30 per cent of industrial production.

The year 1987-88 has not been a very profitable one for companies. An analysis of the accounts of 778 companies for 1986-87 and 1987-88 showed that sales have increased by five per cent, but net profits have fallen by seven per cent. But the fall in profits has not deterred distribution, which has risen by 17 per cent. As percentage of paid-up capital, 14.2 per cent dividend was distributed, against 10.9 per cent in the previous year.

However, a more recent assessment of the six monthly results of 149 companies for April-September 1988 show that net profits are up by 74 per cent. During the full year 1988-89 manufacturing is estimated to grow by 10.1 per cent. The main contributors to this growth will be the three groups of electrical machinery (25 per cent), chemicals (12 per cent) and engineering goods (13.5 per cent)

On the trade front even though exports increased considerably in 1987-88, due to increased imports the trade deficit declined only marginally. In 1988-89 the trade deficit is expected to increase. The debt service ratio is increasing and has crossed the 20 per cent mark, hitherto regarded as the safe limit. With borrowings on the rise the situation is not likely to improve in the near future. But all efforts are being made to garner NRI funds from abroad.

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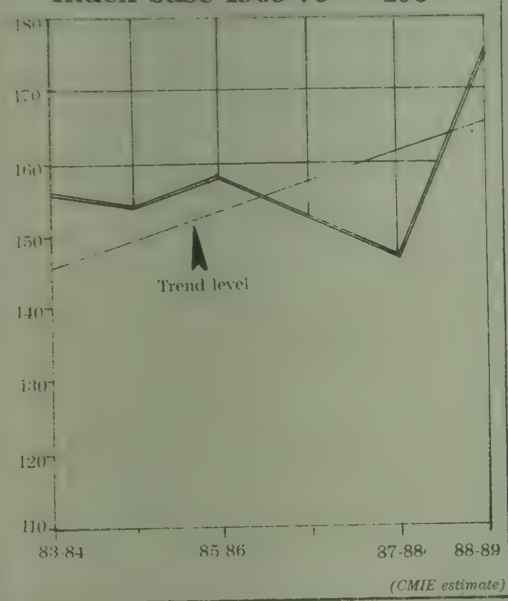
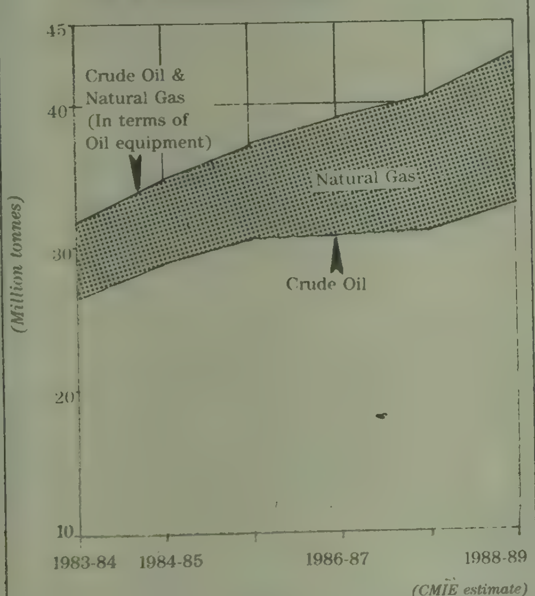
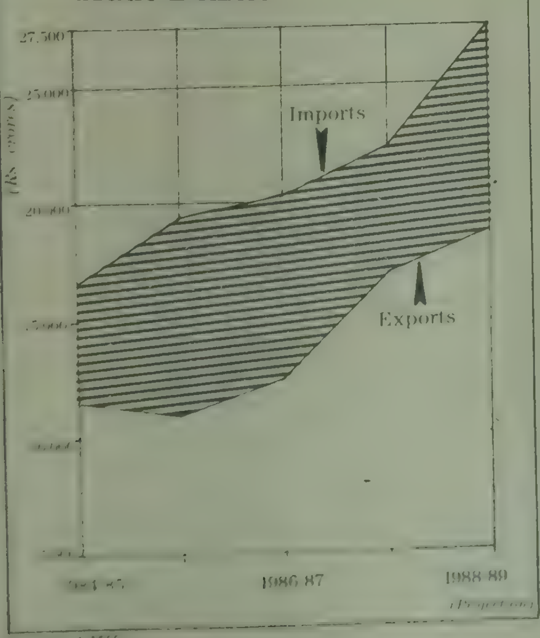
Agricultural Production — Index base 1969-70 = 100



Oil & Natural Gas



Trade Deficit



Source: CMIE

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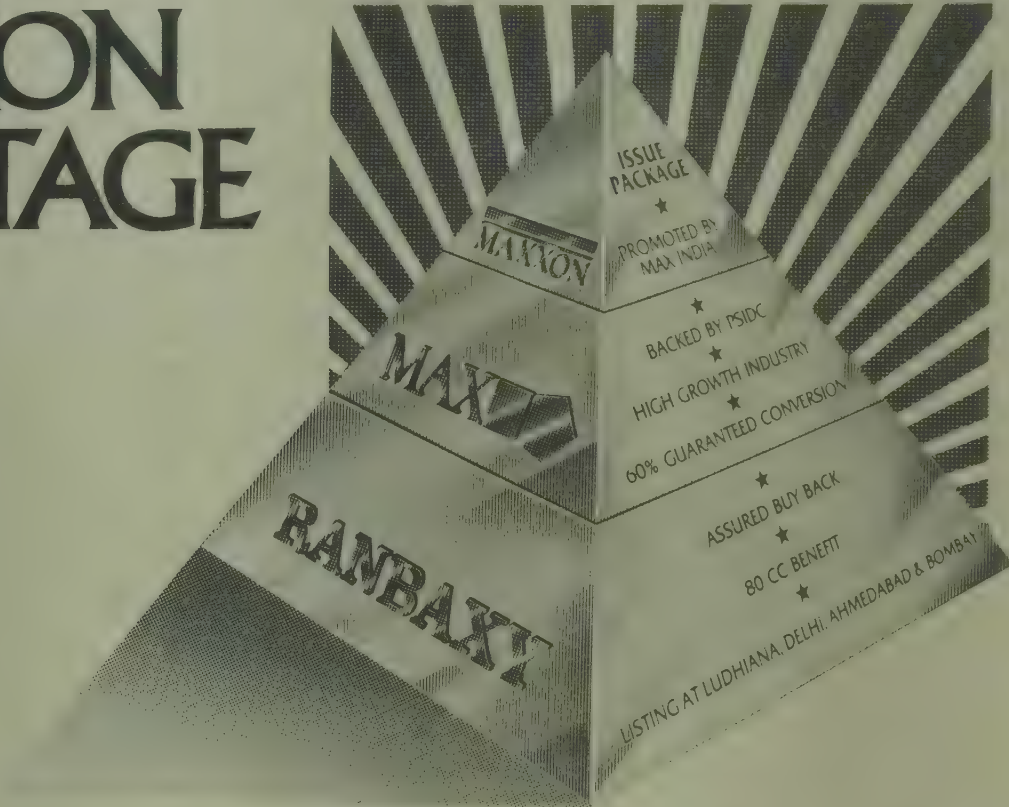

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PARTHA S. GHOSH

Sound strategies for the future

The most fundamental requirement for any economy, particularly those in the early stages of economic development, is wealth creation across all socio-economic levels. To create wealth in India, we must involve our people in economic activities which can competitively earn wealth from countries where wealth resides. In the process, we must finance the development of our infrastructure and increase gainful employment, thereby boosting our efficiency and purchasing power. As domestic demand expands, our savings rate will increase, stimulating further investments in plants and equipment, which in turn will provide more employment opportunities. In this way, we can begin the virtuous circle of growth.

There are those who ask, "Why does India need to compete in the world when it has such a large market base, natural resources and land?"; "Why not allow participants in every industry to enjoy equal treatment?"; "Why, if money can be easily made at home, should we struggle in unprofitable world markets?"; and "In any case, what is the big rush?"

All of the above questions are based on myths. I think it is important that we briefly discuss these myths so that all of us appreciate the significance of two key terms: "discontinuity" and "sustainable competitiveness."

First, India has the potential to become a big market, when every adult is gainfully employed. Today the market is actually rather small. For most value-added products, India accounts for less than 1 per cent of global demand.

Second, in the effort to give every industry equal growth opportunities, we end up spending money on industries with low potential while failing to meet "critical mass" requirements for those which show the most promise.

Third, while it is true that it is easier to make money in a protected environment, our economic fundamentals basically remain weak. Therefore, the value of Indian money outside India steadily declines, and in the absence of rapid economic growth, it becomes increasingly more difficult to make money with uncompetitive operations.

Fourth, the myth that India need not rush; China, Indonesia and other countries in our economic league are looking at the same opportunities and, they are better prepared than we are to take advantage of them.

If we wait too long, will we be able to link with the technologies, attitudes and work habits of advanced nations and NIEs? Given the speed at which technologies, management/business concepts, and consumer attitudes are changing in the advanced nations and NIEs, it will become very difficult for us to bridge the widening gap with more progressive economies if we continue to move at our current pace. Therefore, the effort now should be to ensure that India, in comparison with China and other developing countries, will be equally, if not more, attractive as a manufacturing base for companies in the triad (Japan, the US and Europe).

In today's world, which is driven by competitive use of human intellect, India must find ways to use her intellectual powers better than other nations to solve economic problem and to build economic muscle. In such a scenario, the need of the hour appears to be "competitive mutual dependence; rather than the "self-reliance" harped on so often; promoting world-class organisations; rewarding selectivity and efficiency, encouraging wealth creation at all levels of the economy.

To achieve double-digit growth, the first need is to address the following issues: are there few industries (in the agricultural, manufacturing, and service sectors) in which India has the potential to become a major world player in the next five to seven years? Could we put together a package on infrastructure development to support selected industries which could be financed by the World Bank and/or Japan's Overseas Economic Development Fund? Could new technologies be harnessed to expedite the solution of some long-term problems which have been a drag on our economic growth?

In answering these fundamental questions, we must draw upon a thorough understanding of microeconomic realities which determine the requirements for global competitiveness in specific industries (eg. textiles for Taiwan, garments for Korea and Hongkong, bicycles for China, and so forth).

In order to ensure a successful "India strategy," we must leverage wisely on global trends. Of special interest are the following four:

Increasing speed of technological discontinuities. As the speed of innovation accelerates, companies and countries must constantly rescope their strategies. If India could carefully assess and exploit its potential competitiveness in a few emerging technologies (eg, artificial intelligence, opto-electronics, bio-electronics and genetic engineering), it could well take advantage of discontinuities.

Deregulation of financial markets, leading to global integration. The eighties have been the age of deregulation. This has provided the "financial wizards" of Wall Street, the City and Tokyo, the opportunity to offer a variety of services to the business world, taking advantage of

The author is a principal, Mckinsey & Company, Tokyo, Japan

inefficiencies and imperfections in the capital market. Given the power of communications technologies, India could also become a major player in the global financial market by offering "high-skill, high-labour" support to major financial institutions.

Rise of Asia-Pacific. One of the most important trends in the global economic system is the growing significance of Asia-Pacific. A new market approximately equal to that of Western Europe in 1985 can be expected to be created by the year 2000. India's geo-political situation is perfectly suited to active participation in this market.

Increasing significance of microeconomic forces. One of the most significant post-war developments is the rise of the multinationals. Because of the sheer size and geographical spread at the grass roots level, such companies often overshadow the intellectual and information power of the national governments' policy-making entities. Accordingly, it is becoming increasingly important for governments to understand the boardroom mentality and decision making process, so that a nation's economic and regional policies can truly influence microeconomic forces.

Conversely, there appears to be a growing consensus among leaders of more progressive companies in India that corporate boards and senior management must also undergo fundamental change in the way they make decisions, assess business and technological risks, view geographical distances, and above all manage attitudes. In totality, Indian companies must work to erase their current weaknesses — lack of a global view on opportunities, inadequate strategic thinking, and poor discipline in implementation of development plans.

Successful companies worldwide have an appetite for solving customer problems and they focus their resources accordingly. In designing customer-oriented business systems, companies manage three critical dimensions — product development, product design and product delivery — so that all of them are geared to provide the customer the best value at a minimal cost.

Also, from the boardroom to the factory floor, Indian companies must develop the resilience to deal with environmental changes on a real time basis. Success stories do not stem from grand strategic plans. Rather, they grow out of management's ability to dream and to share their dreams with their people, mobilising resources toward a common goal.

Successful Japanese companies have proven to be masters at managing their identity and values, both internal and external to the organisation. Japanese corporate leaders devote considerable time to monitoring and accordingly tailoring their corporate image (logos included) so that their image closely reflects their vision and communicates it effectively to people worldwide.

In contrast, in India our thinking begins with profit maximisation (with the quickest possible payoff), at the expense of some of the fundamental values of "professional businessmanship".

Looking ahead, as we begin our countdown towards the year 2000, we should work on seven specific tasks at both micro- and macro-economic levels.

Quality management of people. In order to generate quality ideas, design quality strategies, produce quality products and provide quality service, Indian companies must create their own "quality environment". This will only happen when Indian managers establish interfaces with people which consistently demand the highest standards of respect.

Customer orientation/problem-solving mentality. To instill a genuine customer mentality in India, we must first zero in on manufacturing and launching a "customer comes first" campaign which calls for highest quality and lowest costs.

Obsession with perfection. The top managements of large Indian corporations must develop a true obsession with perfection, rejecting products which do not meet preset standards, and constantly upgrading those standards to challenge workers to push harder.

Willingness to change and experiment. Top management must constantly demonstrate its own appetite for change and experimentation.

Critical mass (no compromise). Success begets success. And success depends on an organisation's ability to fully understand and be 100 per cent committed to fulfilling all the requirements for success without cutting any corners.

Supportive infrastructure/environment. To become internationally competitive, India needs to debottleneck its logistics and delivery systems. This will not only require major improvements in India's infrastructure, but also an upgrading of government-industry interfaces.

Innovative and dynamic incentives and industrial policies. As discussed earlier, we need to define our economic strategy and tailor our policies and incentive schemes accordingly. Industry associations might begin the process by organising regular industry-government dialogues, which would undertake a systematic analysis of critical problems and brainstorm their solutions.

If we follow through on these and other initiatives, we will put in place the micro and macroeconomic dynamics required to develop a consensus on our future direction, and cultivate the courage to make India a truly competitive economy.

Puppets on a string

Top appointments at the Centre rarely receive the attention they deserve. Too often, decisions that affect the nation and the economy are taken in a hurried manner that defies all logic and certainly contradicts the stated objectives of the government. There is one even more worrisome, and unsavoury aspect of some of these key appointments. It is the unstated suspicion that some of these posts are earmarked for those who have the convenient levers with which they can be manipulated. If such levers are not obvious or, in rare cases, not available, candidates who have a demonstrated ability to bend to pressure are sought.

Responding to pressures may in itself not be regarded as a bad thing in those slated to occupy top jobs anywhere. For, after all, a large part of senior managerial time is absorbed in coping with pressures of one kind or the other. But, the managerial advantages, forget ethics for the moment, of a choice process that explicitly allows for the free play of pusillanimous explanations could spell chaos. Where weakness at the joints is not the main consideration for choosing chief executives, other political factors become a measure of acceptability; and that is equally dangerous.

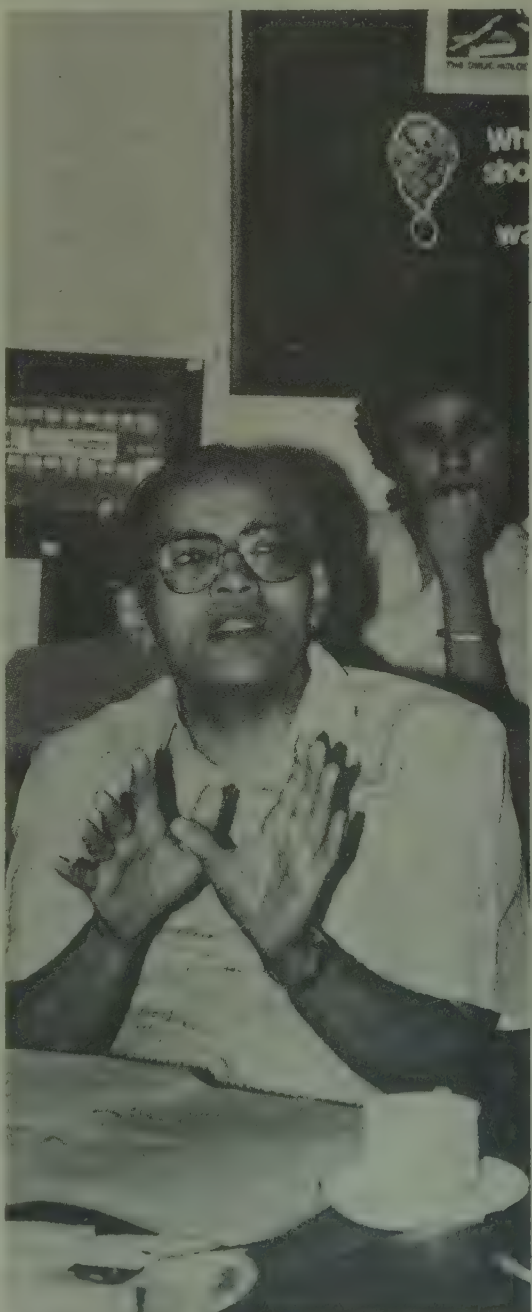
Several such problems were highlighted recently in the top appointments at STC, MMTC and the department of electronics. It is no longer a secret that in all these cases, the worthies who today occupy these positions were certainly not the choice of the selection committees who were entrusted with choosing the most appropriate people for these highly challenging jobs.

It is of course quite unfair to the new occupants to pre-judge their capabilities. But what is shocking is that top government decision makers who were involved in selecting these appointees were callously ignored when the final choices were made. Those involved and summarily overruled include, among others, B.G. Deshmukh the cabinet secretary, S. Venkitaramanan the finance secretary, Sam Pitroda, the PM's mission adviser, and Abid Hussain, member, Planning Commission.

What were the considerations that required these gentlemen to be ignored and overruled? Which higher power is determining these key appointments? Who really pulls the strings to the top? What does all this do to managers who hope for promotion? What does it do to the IAS and its role? And the most important question (but one that is studiously ignored), who does it herald in the future?

After the polls

Most observers of the central government have been expecting that one of Rajiv Gandhi's frequent cabinet reshuffles will be the inevitable result of the Tamil Nadu polls — irrespective of what the learned analysts conclude. With Rajiv Gandhi having led his party members from the forefront and with central ministers and bigwigs having been in the fray, rewards and retribution will inevitably have to be handed down. As the Tamil Nadu elections have been stage-managed by the Centre, the results will have an enormous impact on both the morale of the party organisation as well as a longer term impact on the future of the ministry itself. Hence, the concern about the extent of the reshuffle.



Deshmukh: overruled?

In any case, for some time now, there have been rumblings about the Rajiv ministry going through one of its periodic shakedowns. Similar worries and rumours have usually preceded many such non-events in the last four years. There is also the added complication that at least four congress ministries in the states have been suffering the ignominy and the trauma of being poached upon and preached at by central ministries.

In fact a host of problems today bedevil some of the chief ministers; and some states may even see a change of leadership. If Rajiv is not desirous of losing the support of some of these men, some semblance of support signals, that can be supplied by a reshuffle, are necessary. They may require accommodation in some prime central berths — some of which still remain vacant at the moment.

All in all the pre-budget session season that is now on will inevitably see an escalation of political manoeuvering. Whether this will imply a major reshuffle or a minor re-ordering of the forces currently in play is something that possibly only Rajiv Gandhi knows at the moment.

The expectations about the reshuffle and its extent are inevitably mixed with various theories about an impending general election. The fact that does merit attention is that Rajiv Gandhi will need to shuffle with his eyes on the ballot box. Prevailing conditions both within the party organisation and the states suggest that top managerial expertise is sadly lacking.

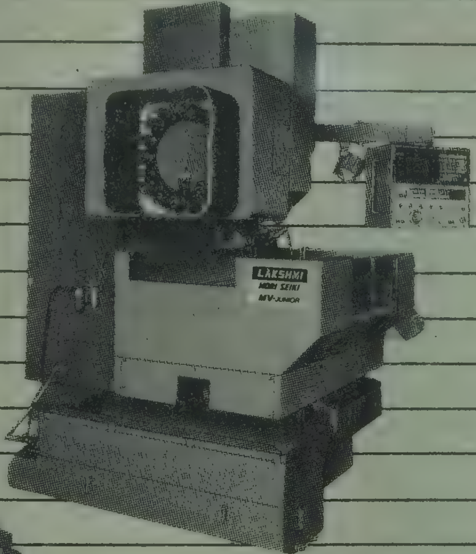
Gandhi is also understood to be increasingly aware that despite his personal preferences against party politicians, he will hardly be able to run an election machine with his merry band of technocrats alone. And, the implication very clearly is that, if he does go for a reshuffle at the moment, he will probably be stuck with the same team when he heads for the polls in a year's time.

So besides the Tamil Nadu poll which has cast its shadow on the central ministry, ballot box balances of one kind or the other are going to be the deciding factor as Gandhi contemplates his cabinet colleagues before the long budget session.

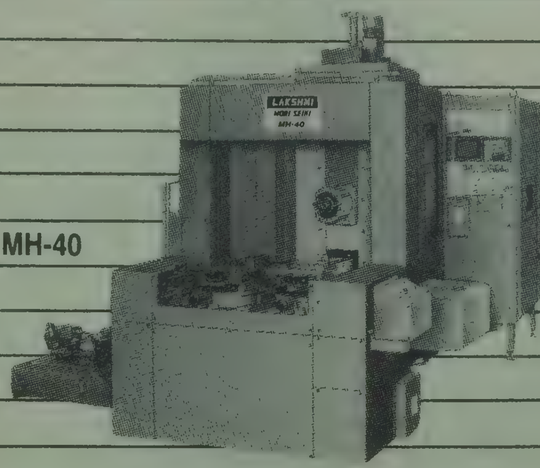
■ DILIP CHERIAN

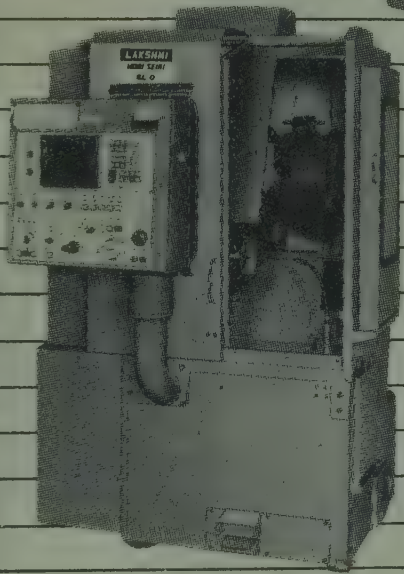
IMTEX 89
Feb 2 — Feb 13

MV-Junior

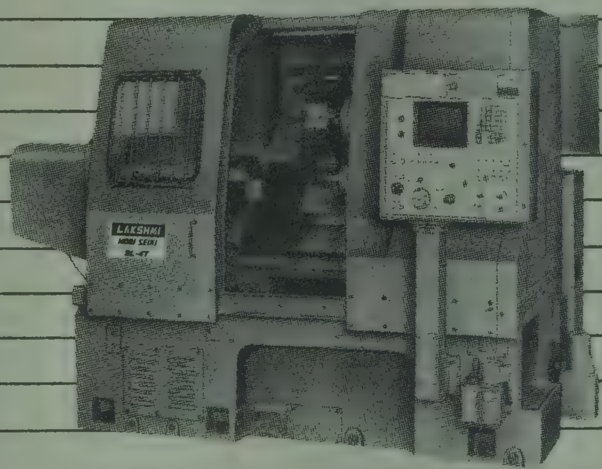


MH-40





SL-0



SL-4T

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JIT PAUL

Let us build

During the independence movement; Indian entrepreneurs were motivated by patriotic fervour and built new industries against heavy odds. This effort generated Indian enterprise in business and industrial management, which formed the launching pad for further progress immediately after the country attained political freedom.

The zeal of local enterprise was often natural and sometimes inevitable. But in the days of the Raj, local industrialists rarely dared to think big. Those few who did think of industry, were often content with being small. Most traders and the few who did manufacture remained contented as minor order suppliers. For the few who did dare to think big, the dangers were real. Some faced competition against unfair odds, others discrimination and often ostracism. In many senses, the systems, such as they were in those times seemed to militate against the builders. And, as a result of such tensions, those who did build were those with the greatest determination, courage and conviction.

Takeover bug

The current invasion of the Indian corporate scene — every day one hears of a new bastion falling — goes to show that takeovers are becoming easier and lucrative while building is becoming increasingly intricate, tiresome and costly. The financial involvement in building an industry poses far too great a burden on the entrepreneur and is easily the greatest deterring factor. No wonder, then, that the businessman is lured to take over.

Obviously, acquisitions have various advantages over the building of new enterprises.

First, thanks to various laws and policies relating to land and property, old units have low cost but potentially high market value assets. Today the statutory tenant is the *de facto* owner of the property. If the tenanted property is to be sold, the tenant gets the lion's share — two-thirds of the sale consideration for vacating possession, while the owner gets only one third. Further, the present land policies have led to abnormal and artificially raised land prices.

Second, though the government has initiated the "one window clearance" for all approvals, it has, in practice, not produced the intended result.

Third, in an acquisition the buyer has the advantages of all the already cleared and built-in fiscal credits, both for loans from financial institutions for fixed assets and working capital requirements, which is a major requirement for industry.

If anybody is interested in making "industry building" a worthwhile activity once again, the process must begin with the availability of credit. Today, the time taken to get loans sanctioned for fixed assets from financial institutions is more than two years, at the end of which invariably a prospective entrepreneur is left without any money at all. The government must include financial clearances in the "one window" concept.

In addition, it must be recognised by the government that today a new industry is at a disadvantage as regards cost. It has also to undergo gestation periods varying from two to three years. The government should consider improving the financial and other incentive packages for new industry. Credit and its cost is where reform must begin.

Existing companies/groups are busy with acquiring and not enough new entrepreneurs are available to take up bigger projects. The reason for this mainly lies in the fact that the entrepreneur requires a capital disproportionate to the facilities available to the existing big groups. Meaning thereby that the new entrepreneur has to meet 10-20 per cent of the equity for a big project from his own resources, whereas existing groups can easily afford resources from their company's exchequer. This disadvantage to the entrepreneur is to be carefully studied and solutions found at the earliest.

Organised labour

Labour must be made to feel that it too has a vested interest in the unit. The contribution from labour can come in the form of an understanding arrived at for a strike-free atmosphere during the gestation period. The major national unions too must begin to pull their weight.

Let the slogan be: "let us build". The chambers of commerce, industry, organised labour and the government should come together and find ways and means to evolve a new national policy for industrialisation to build more industries, quickly, efficiently and economically.

Acquisitions and mergers may assist in keeping some old units healthy. But all the acquisitions in the world will be of no avail unless fresh strengths are tapped and new resources brought into play.

The question today is: what do acquisitions add to society? And, in conjunction with it, another question is: how great should our national zeal be? Accordingly, all concerned must ensure that building new industries is economical, technologically better and more rewarding to all. Only then can we achieve what we keep talking about.

The author is the former chairman of Apeejay Industries and also the Calcutta based elder brother of Swraj Paul

FT looks for new pastures

Contrary to popular belief, the proposed joint venture between the Modi group and Pearson plc of the UK will not produce an Indian edition of the financial daily, *Financial Times*, London. "It will be a stand-alone product," says Frank Barlow, London-based chief executive of the paper.

Last month, a representative of B.K. Modi, senior vice-chairman and president of the Modi group, and Pearson plc, publishers of the respected daily, signed a memorandum of understanding, whereby the two companies are to explore the possibility of launching an English language newspaper for India. Needless to say the proposal requires government approval. "We chose the Modis as they have experience of joint ventures," says Barlow. Plans also include a south-east Asian edition.

The Modi group and Pearson will own 40 per cent each in a new company which will publish the newspaper. The balance will be privately placed. A capital outlay of under Rs.10 crores is estimated for this venture.

Pearson plc is a publicly held London-based publishing company which is listed on the London Stock Exchange. Besides the *Financial Times*, it also publishes the *Economist* and owns Westminster Press, a very large regional newspaper group in the UK and also, curiously, Lazard Brothers, the merchant banking company.

Modi: trying to replace visitors' surprise with confidence

"Right timing"

Comments Barlow, "This is not the first venture of its kind for the FT. The timing is significant because we believe that there is an opportunity in the market which could be filled by others." Says Modi, who has led the group into the information industry with joint ventures with Rank Xerox and Olivetti, "I have observed that whoever comes to India and sees the progress in the business side, experiences a feeling of surprise. It is time the surprise is replaced by confidence in India. That is possible only with proper communication about the country to outsiders."

Indeed the information gap cuts both ways. For it is also true that Indian exporters often face resistance from buyers due to sheer lack of information. Taiwan and Korea, on the other hand, are doing much better in exports, with relatively tiny economies, because they are perceived to be better integrated with the international scene.

How will a financial daily help to bridge the communication gap? "The idea is to publish the newspaper from India and then quickly serve them in the SAARC countries," says Modi. "We may have several editions or we may post the Indian edition to India's neighbours and the west Asian countries. We hope to take advantage of being few hours ahead of the west Asian countries." Modi sees a distinct possibility of servicing countries such as Pakistan, Bangladesh and Sri Lanka. "The idea is to make available the edition in these countries on the same day," he says.

An independent market survey confirmed that a vacuum exists for such a paper. The survey showed that decision makers want to know what is happening internationally and nationally. It also indicated that the existing financial dailies do not adequately provide this kind of information. The sample included individuals who are decision makers in the public sector, exporters, business executives and technologists.

Comments Modi, "The national business newspapers are offshoots of mainline dailies published by the controlling group. They are not complete newspapers." One basic lacuna he points out is the absence of information on events relating to international companies and "the world corporate scenario".

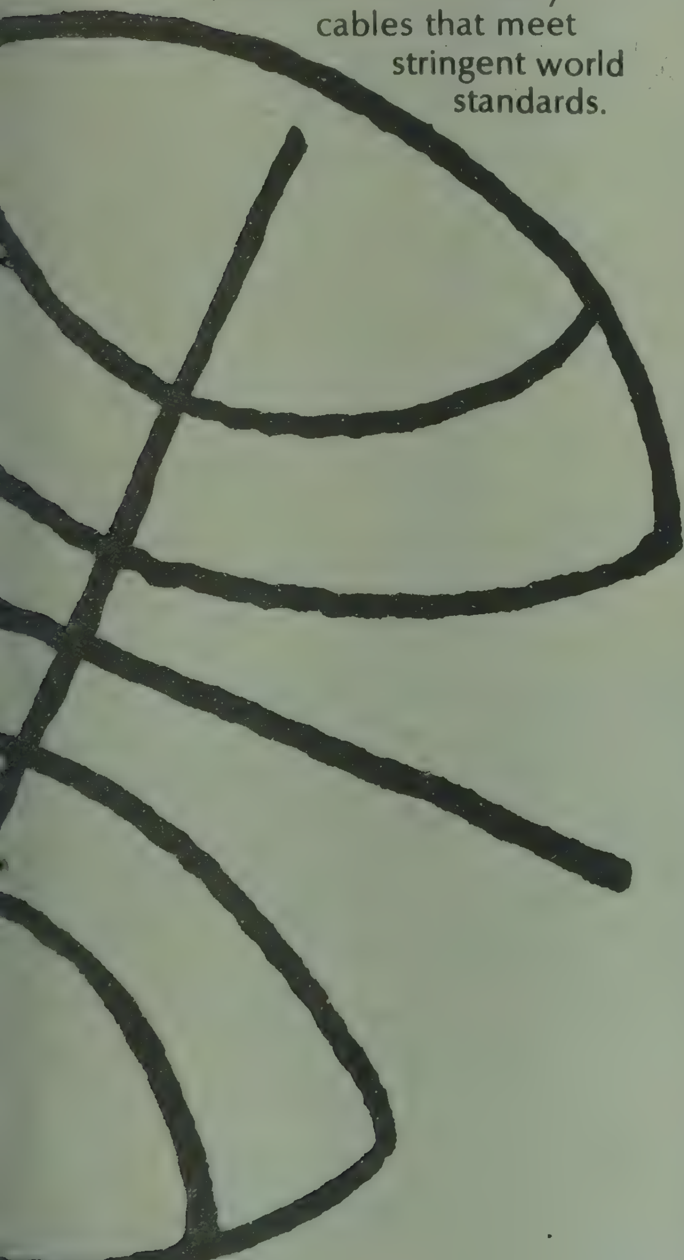
Modi hopes to bring out what he calls an "authentic newspaper". He says, "We hope to inculcate a research orientation and publish a newspaper which will assist decision makers to take decisions on the basis of information published by the newspaper." The paper would be equipped with its own staff posted in India and SAARC countries and will draw from the reservoir of FT staff.

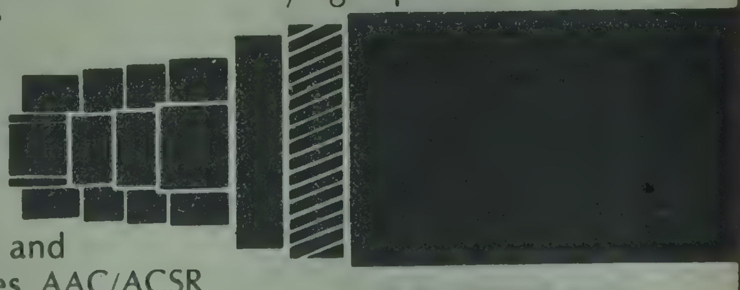
No conflict

Will the new publication pose a threat to the existing financial dailies? Says a spokesman of the *Economic Times* (combined circulation in excess of 96,000), "They would have an edge if they can provide international coverage in a relevant manner." But a senior editorial staff member of the *Financial Express* (combined circulation of 38,000) feels that there is not a large enough niche to accommodate "a publication with high overheads. They will have to fight for the space occupied by existing newspapers as well as expand the market."

Both Modi and Barlow are emphatic when they say that the paper will be totally independently run. "No, we are not inviting a conflict of interest," says Barlow. "Dr. Modi is well aware and subscribes to our policy of independence and appreciates this is crucial to the success of the venture." Modi, on his part, confirms that the paper would not ignore corporate developments within the Modi group.

■ BASUDEV DASS





Is the South lagging behind?

The corporate scene in the country is undergoing many changes. Aggressive new faces are surging ahead. The new breed is willing to grab opportunities where they exist. In contrast, the established industrial houses of the South are still conservative. Will they be swamped by the outsiders or will they be able to hold their own?

A.C. Muthiah: daring to be different

Venu Srinivasan: where engineering skills are the key

Except for Sundays, he is at the factory he owns at 7 am every morning. A daily routine inspection is a must, when he might even wipe off a speck of dust from his machines. He takes, perhaps, as much pride in this simple task as in conducting board meetings. In this man's dictionary, 'risk' and 'grow' are four-letter words. This description is perhaps a mild exaggeration, but it matches the commonly perceived *persona* of the typical South Indian businessman — stodgy, introverted, leading a sedentary corporate existence.

Does this profile of the Southern industrialist hold good even for this dynamic decade? Is the talk about the dust of lethargy that has settled over the South and bogged down its entrepreneurial drive for real?

The region's early riders seem to have turned into slow horses in the race for putting up and bidding for mega-projects. And worse, the complacent South has been attacked by an army of invaders. Traditional Southern fortresses appear to be opening up rapidly and helplessly before them.

The Hindujas broke in early with Ashok Leyland. Chhabria sneaked in with Gordon Woodroffe. More recently, R.P. Goenka has picked up Spencer's for a song and Vijay Mallya appears to be the best bet for Best & Crompton. And these forces are going to grow in both numbers and strength.

Missing the big ones

The Southerners are miffed; the big deals are passing them by — they're having to stand and watch while the rest of the country is surging ahead. While Ambani is in a class of his own, there are other notable storm-troopers. Aditya Birla is grabbing petrochemicals as co-promoter of the joint-sector Mangalore Refineries. Indo Gulf Fertilisers is his other Rs.1,400-crore project in UP. The JK group is likely to bag the Rs.1,000-crore aromatics project in Saleempur. The Thapar group, among other things, has a Rs.132-crore man made fibre project and a Rs.80 crore colour TV tubes project in Punjab.

The RPG group has gone shopping again, and is contemplating a Rs.1,000-crore, 100 per cent export project in Madras. Vijay Mallya's UB group has finalised a Rs.500-crore expansion and diversification programme. Even comparitive newcomers like the six-year-old Abhey Oswal group is pitching for a Rs.800-crore gas based fertiliser project. Deepak Fertilisers (turnover: Rs.37 crores) has ambitious intentions and is planning several large projects in the next two or three years. Essar is also making heavy investment moves worth Rs.350 crores in sponge iron. The Tatas too have shaken off the sluggishness of the seventies and struck out into hi-tech fields.

Evidently there is no lack of opportunities. And if the Southerners are missing the bus it's because of a distinct lack of drive. There are exceptions of course — A.C. Muthiah of SPIC, and, to a certain extent, Venu Srinivasan of the TVS group. But the region's major contribution to industry has always been in terms of its professionals. There are a number of prominent South Indian chief executives and key people in banks, manufacturing companies and the government placed throughout the country.

Not very strong

Geographically, the big industrial houses of the South are concentrated in Tamil Nadu, one of the earliest states to industrialise. Andhra Pradesh is at a transitory stage where landowners are gradually moving into industry. There are some entrepreneurs who have emerged recently — there's K.V.K. Raju of Nagarjuna, Reddy of Dr. Reddy's Laboratories and Raju of Raasi Cements. Karnataka has evolved into an important corporate base for several companies from other parts of India, but with the exception of Khodays, the liquor barons, the state has no home-grown business house. Vijay Mallya, though originally from Karnataka, where his father Vittal was firmly rooted, is not really South-based. He grew up in Calcutta and even toyed with the idea of moving his headquarters to Bombay. And of course, Kerala has no industrial strength to speak of.

The heavyweights in the South are TVS, the Amalgamations group, TTK, TI, and the Lakshmi group of Coimbatore. These are all financially sound groups with excellent reputations, good marketing and dealer networks, and proven management capabilities. "Yet they fight shy of

realising their full potential," observes a longtime watcher of South Indian industry.

They appear to be terrified of moving out of their narrow grooves. Given a choice, the Southern businessmen would rather think and remain small. And a Rs.100-crore project proposal gives them sleepless nights. The financial institutions and bankers spoken to all endorsed this view, though they were reluctant to be quoted as they deal closely with these businessmen.

One of the most successful and respected business houses in the South is the TVS group. Some well-known TVS companies are Lucas TVS, Wheels India, Sundaram Clayton, Brakes India and Sundaram Fastners. Pioneers in the manufacture of auto components, they are still the largest in the field today, with a group turnover of about Rs.900 crores. Significantly, none of the companies in this group, with the exception of Sundaram Clayton Ltd (SCL), has shown any derring-do in terms of diversification even in its own auto ancillary field.

Daring ventures

SCL was established to manufacture automotive air brakes and went into moped manufacture in 1980. In 1983, SCL promoted TVS Suzuki in collaboration with Suzuki of Japan to manufacture two-wheelers. The two projects in electronics (Rs.28 crores) and appliances (Rs.32 crores) that SCL has subsequently taken up are considered extremely daring ventures by Southern standards. The TVS group's future investment plans are in the region of Rs.150 to 200 crores.

The Amalgamations group (turnover around Rs.450 crores), which includes well known names like TAFE, India Pistons, Amco Batteries and Bimetal Bearings, has spent Rs.20 crores on expansion in the last 2 to 3 years. Future modernisation and expansion will certainly not involve much more. The TI group, which took over EID Parry and the CWS estates in the early eighties, has been consolidating ever since, and its projects do not involve stakes higher than Rs.2 to 5 crores. Parry's has been more venturesome, with an application for a licence to put up a Rs.175-crore fertiliser plant in AP based on ICI technology which has not been tried out in the country. Whether this project will come through or not is yet unknown.

The Coimbatore-based Lakshmi Machine Works (part of the Lakshmi group) is putting up a machine tool plant at a cost of Rs.30 crores. The Sakthi group, the other well known name from Coimbatore, is setting up a sugar plant at the cost of Rs.28 crores and an integrated soya project to cost Rs.21 crores.

N. Sankar: growth for growth's sake isn't necessarily good

Suresh Krishna: emotionally attached to companies

PIC: the joint sector success

All very conservative sums and sizes. Why do they prefer to remain bit players? L. Lakshman of the Rane group of Madras (manufacturers of auto ancillaries), an unabashed believer in good old-fashioned conservatism says, "I don't believe that one has to launch a big project to demonstrate that one is doing a big job. We are well aware of our strengths and weaknesses and believe in sticking to our knitting." N. Sankar of the Sanmar group feels the same way: "Growth for growth's sake is not necessarily a good thing. Ultimately it's the bottom line that is important. I would rather have a Rs.50-crore turnover and Rs.5 crore profit than be large and shaky."

Fear of losing control

The considerations perhaps go deeper. "The fear of size stems from the obsession with retaining shareholding and an unwillingness to expose themselves to institutional dominance," comments one merchant banker. The South Indian businessman is petrified of losing control. The convertibility clause was universally regarded as a bogey. If the government had not insisted, groups like TVS might have taken forever to go public. In fact most of the companies in the group went public only in the eighties. And just when they had decided to come out of their family shareholding shell, the Swraj Paul episode made them scurry back to safety.

Institutional shareholding in most of the South Indian family groups is limited. In the TVS group, the institutions have a negligible stake. Amalgamations and TTK are the most tightly held family groups in the country. The family holding in tyre giant MRF is over 45 per cent. Says a manager from a financial institution, "If groups like TVS approached us with a Rs.200-crore project we won't even have to scrutinise it carefully. They do their homework very well. But the basic problem is that they don't approach us."

They're terribly cautious, no doubt. The hectic activity in the capital markets has created few ripples in the South. Between January and December 1988, public issues worth Rs.1,528 crores were made countrywide. Of this, Madras based issues amounted to Rs.18 crores — a figure smaller than that of a single medium sized issue in Bombay!

Then there is the tendency to stick fanatically to the home ground. "The industrialists in Coimbatore do not want to venture into Madras, and those who are moved to Madras feel that they have travelled far when they cross the borders, to neighbouring Andhra or Karnataka," says a source from a financial institution.

Auto ancillaries: will the South withstand competition?

"No qualms"

The rest of the country does not share these inhibitions. "One of our largest projects is in Mangalore. We have no qualms about entering the South," declares Aditya Birla. The Goenkas too are looking southwards and are planning a Rs.1,000-crore export project in Madras. "Opportunities are presenting themselves in the South, and we are not going to miss them because of location," says Sanjiv Goenka. The Ruias, originally from Madras, moved to Bombay when they saw the potential in the offshore business. "If we see a good opening we would love to put up a project in the South," says Ravi Ruia. "I will have no hesitation in putting up a new project in the South," says Rahul Bajaj.

Given the fact that investment opportunities are limited in the South, business houses there are circumscribing themselves with this unwillingness to expand their geographical horizons. All the major fertiliser projects are gas-based and are being set up in the Northern region. It was only Muthiah who made a spirited bid for the Indo Gulf Fertilisers project and the Madras aromatics project. In the latter case the other strong contenders are Reliance and JK.

Oil and gas discoveries have opened up vistas in Andhra. Here again it is groups like UB, the Modis and Nirma Chemica[ls] who are in the race for joint projects.

According to a senior South-based pro[-]fessional manager, the lack of ven[-]turesomeness springs from the tendenc[y] to act as managers rather than entrepre[-]neurs and not think in terms of expand[-]ing investment. Of course South[ern] industrialists feel that this may not, afte[r] all, be such a bad thing. "We are obsesse[d] with excellence, which does slow yo[u] down a bit," says Venu Srinivasan. Ac[-]cording to Suresh Krishna, chairman o[f] Sundaram Fastners (TVS group), south[-]ern industrialists get emotionally at[-]tached to the institutions they build. "W[e] don't look at companies like commodi[-]ties. We don't want to do anything tha[t] would lead to a take over," he declares.

While these are noble thoughts, there are many who feel that the South India[n] businessman is genetically incapable o[f] taking risks. Historically, the South ha[s] been a fairly tranquil region. It has no[t] undergone the great traumas of invasion and partition and there are no borde[r] states. Climatically the South does no[t] suffer the rigours of the North. "This doe[s] produce a sense of contentment which i[s] not conducive to growth," comments a management consultant.

In contrast, the rest of India is full o[f] the spirit of adventure. Sanjiv Goenka, fo[r] instance, would cheerfully take up th[e] challenge of running Harrisons Ma[-]ayalam Plantations in Kerala althoug[h]

Box 1

The new breed — a breakaway

Those who knew A.C. Muthiah in the seventies didn't imagine that he would emerge as the most ambitious businessman in the South. Indeed it is this ambitious streak that makes him quite distinct from his conservative counterparts.

Muthiah really came into his own in 1983, when he took over as vice-chairman and president of Southern Petrochemical Industries Corporation Ltd (SPIC), the Madras-based fertiliser giant, promoted by his father M.A. Chidambaram and TIDCO as a joint venture in 1969. After considerable teething troubles over several years, SPIC turned the corner in 1983. The man credited with breathing new life into SPIC is S. Venkitaramanan, the current finance secretary. The family had persuaded him to take charge when SPIC was really under the weather.

Unstoppable. Those involved with the turnaround of SPIC recall how closely Muthiah had worked with Venkitaramanan. They specially mention Muthiah's ability to maintain his equilibrium during a crisis. From 1984, Muthiah has been virtually unstoppable. The course he has charted out is clear. His aim is to build a group of companies around SPIC and not be totally dependent on fertilisers.

In 1984, SPIC and TIDCO promoted the Rs.180-crore Tamil Nadu Petro Products, to manufacture LAB. In 1987 Muthiah took over Kothari Industrial Corporation's caustic soda unit at a cost of Rs.70 crores and also the petrochemical unit promoted by Kothari to manufacture propylene-based chemicals. This project is expected to cost between Rs.60-80 crores.

SPIC has also promoted an electronics project at a cost of Rs.32 crores and is going into detergents and pharmaceutical projects. And in his personal capacity Muthiah has taken over the ailing Standard Motors. More recently he was named joint promoter with Madras Refineries Ltd of the Rs.840-crore aromatics project.

What makes him so different from the usual South Indian businessmen averse to risk-taking? "I feel that if you don't expand and are not willing to divest some of your holdings you will eventually get into trouble," he says. But he believes in holding around 26 per cent equity and having total management control. According to him, backward and forward integration make sense. For example the chlorine produced in the caustic soda plant will be used for the propylene products. Caustic soda and LAB will be raw materials for detergents.

Muthiah certainly doesn't subscribe to the view that being big is bad or ugly. "If you choose product lines where there is a potential to grow, and create a good management base, going into new projects is no problem," he feels. And fund raising, he says, is relatively simple — the financial institutions, banks, international banks, and public can be tapped. "We should really follow Ambani's example and not feel scared of approaching the bond market," he says.

Well-connected. Unlike most South Indian businessmen, Muthiah is envied for his connections with the government. "I have always felt that it is good to put up projects in co-operation with the government. All the core sector licences will eventually go to the government. So with their backing, the chances of failure are reduced," says Muthiah. He gives the example of Japanese companies where it is common practice to employ senior government servants.

has never set foot on a plantation before the acquisition. The South Indian industrialist would shudder at the very thought. Nor would he tie up with a Xerox without worrying about it incessantly for years. The Rane group, which went into a hotel project three years ago, was quick to sell off to the Oberois the moment there were problems. The Amalgamations group went into assembling Ford trucks in the early eighties. The project was a disaster and the group is still to recover from this experience, needless to say, a very traumatic one for them.

The cash-rich MRF, which had a turnover of Rs.462 crores in 1988 and a net income of Rs.17 crores, will examine its entry into petrochemicals very carefully for years. Lucas TVS (Rs.100 crores turnover with about Rs.10 crore profit in 1988) has dithered for eight years over going into a fuel injection project.

No bids

Another interesting character trait that emerges is the reluctance to be seen as aggressors. Takeovers are frowned upon. Consequently, some good buys have gone to outsiders. For example, the TVS group has a staunch anti-takeover policy. It is well known that the Bangalore-based International Instruments was offered to TVS on a platter. There were no takers in the group, and the company subsequently went to the Mahindras. Similarly, in spite of their strengths in the auto industry, they did not consider bidding for Ashok Leyland or Allwyn Nissan.

Sanjiv Goenka: location is no problem

Even when they do enter a takeover tussle, they have little staying power and are not willing to fight to the end. "South Indian businessmen always lose out if there are other contenders," comments a banker. There are examples galore to corroborate this assessment. Sankar acquired the controlling interest in Mettur Chemicals only because there were no other contenders, while in the bid for Coimbatore-based Revathy CP and Fenner India, he lost out to the Poddars and Singhanias, respectively.

The TI group has withdrawn from the race for Best & Crompton though the

Box 2

Who's to blame?

With the elections nearing, there have been accusations and counter accusations about the industrialisation, or the lack of it, in Tamil Nadu. Statistics seem to work both ways. However, the popularly held belief is that since 1967, the year the DMK routed the Congress and came to power, industrialisation in the state has practically come to a standstill. And that there has been a drastic drop in central investment in the state after the sixties. The AIADMK government under MGR was not very sympathetic to industry.

Over the three years between 1964-65 and 1966-67, the average annual rate of capital formation in the state was 21.58 per cent at current prices. It fell to 14.37 per cent a year during the years 1974-75 to 1976-77 and even more drastically to 8 per cent between 1977-78 and 1979-80. This, obviously, has long term implications on the development of the state.

Wrong perceptions. However, a well researched book brought out by the Madras Institute of Development Studies (MIDS), entitled *Tamil Nadu Economy Performance and Issues*, reveals that the popular perceptions may be wide of the mark. The trend towards stagnation was part of an all India phenomenon and Tamil Nadu could hardly have been an exception to the general tendency. Also, the period after 1965-66 saw a real and sharp decline in the rate of growth of public investment at the all-India level. Although there was a noticeable decline in the number of central government investments in the state after the mid-sixties, there were additional investments in existing projects.

In any case, it does not necessarily follow that public sector investments have to be the catalytic agents for private investments. And, according to the MIDS study on the question of licensing, *prima facie*, the data seems to suggest that there was in fact no discrimination against Tamil Nadu throughout the period. "Licences can be granted only when applied for in the first place," points out the study.

If one considers the ratio of licences granted to licences applied for over a fairly long period it turns out that Tamil Nadu received about the same proportion of licences as any other state. However, the number of applications for licences from Tamil Nadu fell over time, especially after the early seventies. Thus it is fairly obvious that the private sector started going slow on fresh investment.

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dds were in its favour. It also lost out on arrisons Malayalam to RPG, as did MRF, hich was also interested in Harrisons. he largest rubber plantation in the outh would have been a perfect fit for he tyre company.

Despite the front of equanimity they aintain, South Indian groups are not nmune to the entry of outsiders into heir territory. When the South Asian Financial Exchange (SAFE) was promoted couple of years ago, it was not meant to e just another finance company. It's older purpose was to support new inestment, inter-corporate funding, and rovide venture capital. The underlying m was to present a solid front to preent raids on Southern-based companies. Reality did not match these grandiose tentions and ultimately SAFE limited s functions to hire purchase and leasg. SAFE is a typical example of the outhern psyche, which proposes accordg to its hopes but performs according to s fears.

ost ground

onically, almost all major South Indian ouses were industrial pioneers. The sixes was their decade. The TI group was e first to manufacture bicycles and Enld motorcycles. Standard Motors dared make automobiles from a tiny base. e automobile component industry was oncentrated largely in Tamil Nadu. At e time Madras was known as the Deoit of India. The textile industry flourished in Coimbatore. But today, although 30 per cent of the country's cotton spinning capacity is in Coimbatore, there are no well known branded textiles from the South. Nor has Coimbatore moved away from cotton spinning. From none of the big houses has emerged a giant Indian company.

Udayar: successful manipulator

Interestingly, one of the shrewdest mercantile communities in India are the Chettiars of the South. They migrated to Burma and the Far East and flourished as traders and money lenders. However, many of them suffered traumatic experiences when they were expelled from Burma. "When Burma hit us we didn't quite know how to recover," says a Chettiar businessman, explaining why most of the Chettiars are ultra conservative and cautious.

The seventies saw a virtual stagnation. Also, as a senior industrialist confesses, the business houses were out of sync with the Dravidian parties which came into power after 1967. At the centre too, familiar faces like T.T. Krishnamachari, disappeared. Says the industrialist referred to earlier, "I really see the seventies as the dawning of the era of fixing and bribing. Not that the South Indian businessman wasn't inclined to, but he just didn't learn the art of dealing."

Wary of government

From this time onwards, Southerners developed an inherent inability to deal with the government, at both the Centre and state levels. When the central investment in the state declined, the DMK did set up the Tamil Nadu Industries Development Corporation (TIDCO). This promotional agency was able to get quite a few licences in the chemical industry and also promoted joint sector projects, the most prominent example being SPIC.

Even though Aditya Birla put up an aluminium flouride unit, and the Tatas Titan Watches, none of the major Tamil Nadu houses ventured into a joint sector project. "What others saw as an advantage, we interpreted as interference," admits one industrialist

This reluctance to deal with the government persists. "I am not scared of growth nor do I doubt our ability to grow. But we want to grow where our engineering and managerial competence will give us the edge and not our ability to influence the government," says Venu Srinivasan. N. Sankar of Chemplast (who has been steadily promoting small projects every year since 1977) feels that implementing a Rs.500-crore project is no big deal. The major problem is securing project sanctions.

"We cannot manage the environment," say the Southerners, even with a touch of pride. This "environment" is the government, the banks and financial institutions. Says a younger scion of a family-controlled house, "The environment is never permanent, therefore we refrain from lobbying or manoeuvering." A positively naive attitude, say many. "Their lack of realism shocks me," says a merchant banker. "This obsession with the rules prevents them from even legitimately getting over hurdles. They seem to enjoy getting bogged down by details," he says.

The South Indian industrialist keeps looking back to the sixties, the golden age of TTK at the centre and Kamaraj and R. Venkataraman at the state, the driving forces behind many projects. Even today there are many senior South Indian bureaucrats in Delhi they can communicate with. Finance Secretary Venkitaramanan is certainly a power base, but somewhere along the way the business houses of the South seem to have lost touch with New Delhi.

"We are missing out a lot by not being close to Delhi. In the last ten years a lot of money changed hands in terms of agency commissions, turnkey projects and World Bank aided projects. We were not daring enough to be a part of this scene, feels a much respected industrialist from Madras.

The Southern businessman is quite aware of the need to be street smart. But most groups are convinced that their values would not permit them to break any rules. Says a young member of a business family in Tamil Nadu, "Big projects necessarily mean big pay offs. We are not yet tuned to the subtleties of this game, though we do know that there are offshore deals. But if I dare suggest that we do something like this I'll get thrown out of this building."

According to a highly respected industrialist, nefarious deals are the byword today. "In a free-for-all honest transaction situation we will give anybody a run for their money," he adds. That's pure fantasy. And perhaps even in reality it is doubtful whether the vagaries of business permit them to remain rigidly virtuous. And, in fact, the new breed of entrepreneurs is not all that squeaky clean either.

Offshore pipe laying: South missing opportunities

Apart from the arrival of outsiders, there have been other significant developments. Standard Motors has ground to a halt and has changed hands to A.C. Muthiah who represents this new breed *(see Box 1)*. Binny Ltd is firmly ensconced with Ramasamy Udayar, who is regarded as a shrewd manipulator. Enfield is fighting for survival second time around.

Within their own coteries too, the old understandings are being threatened and traditional rules being broken. The raid on Coromandal Fertilisers Ltd (CFL) caused ripples of shock. Despite denials, it was widely believed that SPIC was buying up the shares. EID Parry, being the original promoter of CFL, handles the marketing of CFL fertilisers and had an understanding with the foreign collaborators that it would get the first refusal from them if they wanted to liquidate their holdings. Muthiah's predatory action was interpreted as a threat to the unspoken rule of not poaching on each other's territories.

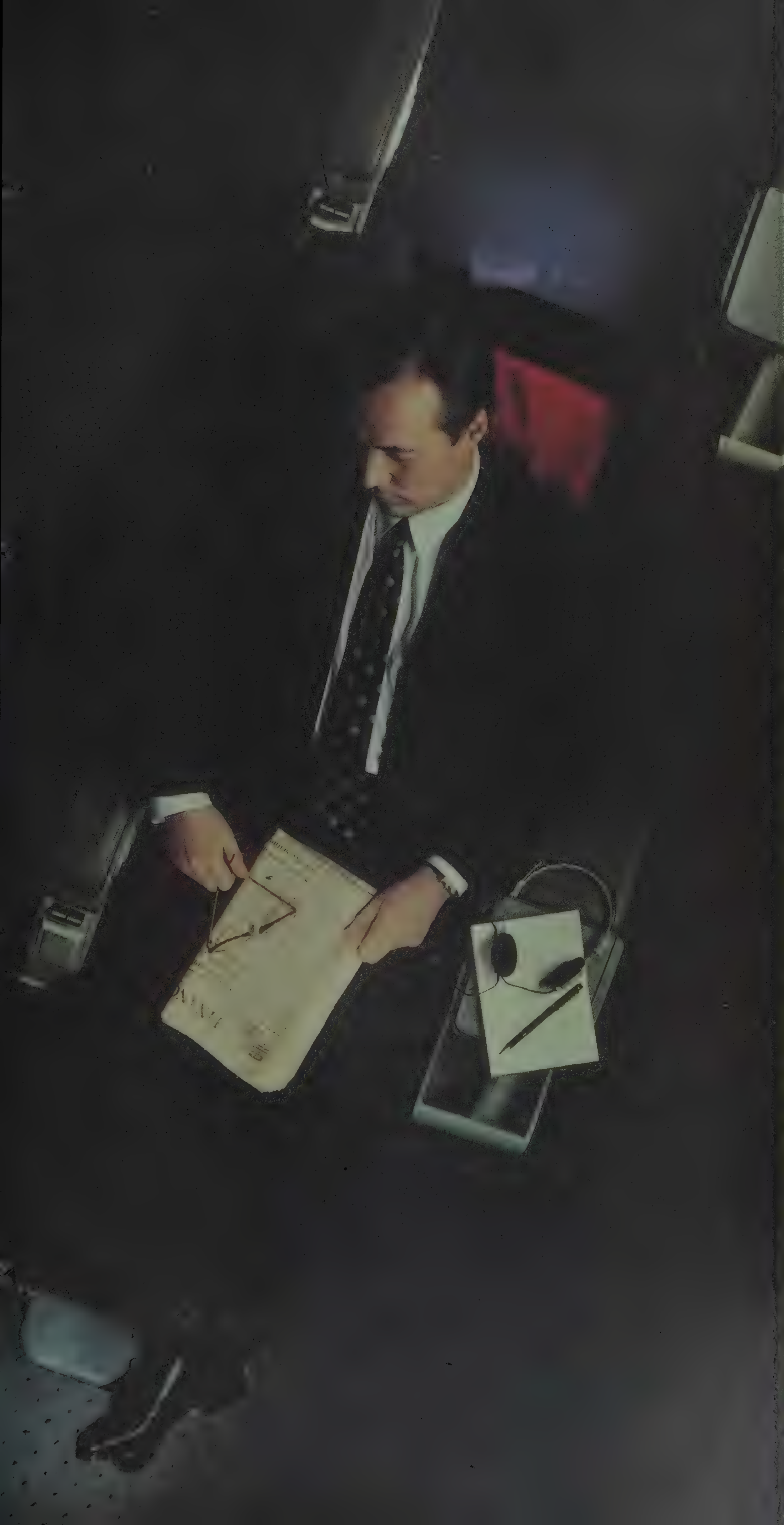
It is widely felt that Parry's has only earned a temporary reprieve. As one merchant banker asks, "Is Parry's so safe after all? For a South Indian company there are a lot of floating shares and a share is being quoted at Rs.33. Businessmen who are interested in building assets, may find them good targets."

Peerless is supposed to have acquired 10 per cent in India Cements. There has been interested buying in companies like Ponni Sugars. "In fact many South Indian companies have foreign collaborators with sizeable shareholdings, which makes them vulnerable. How long can we ward off predators?" wonders another industrialist.

And the auto ancillary industry of the South cannot remain complacent either. Very little new investment in the automobile industry has taken place there. The biggies are in the West and North (Bajaj, Telco, Maruti). Maruti is putting up six joint ventures for auto component manufacture. Once these projects take off, the markets will shift.

According to observers of the Indian corporate scene, after the elections in the centre, more South Indian companies will attract the attention of those on the prowl. With these developments, some entrepreneurs in the South are feeling the need to guard their niches. And it's time they did. Otherwise, for want of savvy their kingdom could be lost. ■

SUSHILA RAVINDRANATH



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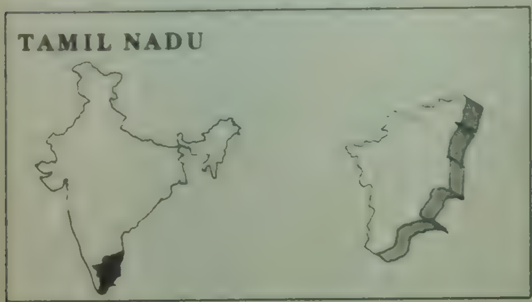


TAMIL NADU

State finances and election promises

The Tamil Nadu elections held on 21 January, witnessed a close race between the four main contenders — the Congress I, the DMK, AIADMK (Jayalalitha) and AIADMK (Janaki). At the time of going to press it was unclear which of them would emerge the winner. Throughout the run-up, the contestants were trying to be one up on each other in wooing the masses with their populist manifestos.

Wooing the masses. The late chief minister, MGR had a habit of announcing schemes to win over the masses. He initiated this style of wooing the electorate with the noon meal scheme introduced in 1982. It now covers 8.2 million people, including school children and the old. Other schemes which were implemented included free power for farmers, free footwear for women, textbooks, uniforms and a 50 per cent concession in busfare for students, the Anna housing programme, and old age pensions.

Tamil Nadu's current spending on its existing welfare programmes is Rs.450 crores. Of this, the lion's share is taken up by the noon meal scheme which costs the state Rs.177 crores a year, which is 7 per cent of the state budget.


Jayalalitha: concession to all farmers

Wages will be an area of high expenditure, since all parties have promised parity of pay of state government employees with central government employees. This would involve a recurring expenditure of Rs.350 crores per annum, even with the existing staff strength. In addition to this, the AIADMK (Janaki) has promised to regularise all noon meal scheme supervisors numbering 200,000 as government employees. The cost of such an exercise is estimated at Rs.150 to Rs.200 crores.

Large outgo. The farmers will also benefit greatly, if the Congress I has its way. It has promised to write off an unspecified portion of a credit burden of Rs.150 crores to the farming community. The other three parties have promised to write off the dues of only the small farmers. Assuming that the write-offs relate only to interest and not the principal amount, agricultural credit agencies estimate that these pledges, translated to action, will involve an outgo of at least Rs.200 crores.

The free power supply scheme announced in 1984, has been adding to


Janaki: will regularise noon-meal supervisors

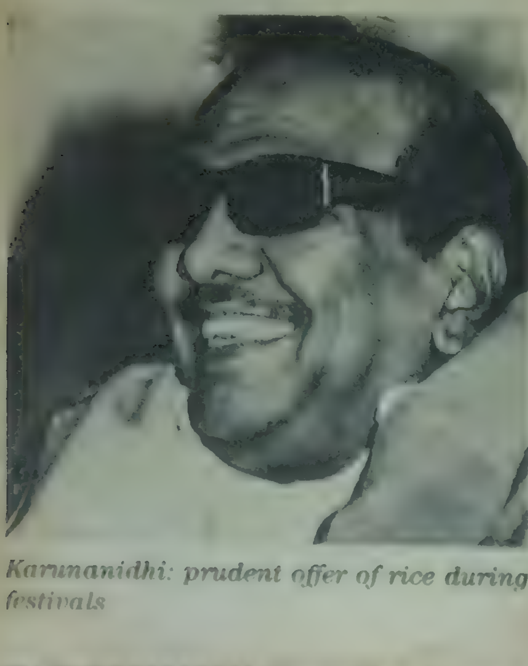
TNEB's losses, which already range between Rs.200 and 250 crores per annum.

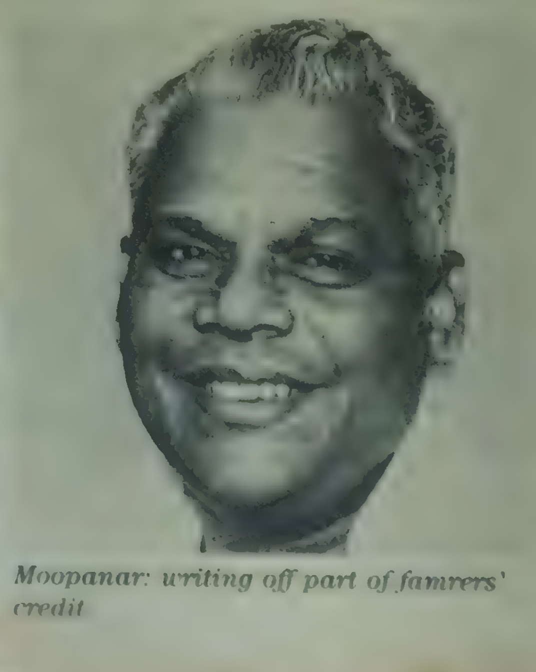
The Congress I, Janaki and Jayalalitha plan to replenish the exchequer in different ways in their effort to offer rice at low cost which, of course, has to be subsidised heavily. DMK has been the most prudent, offering free rice during major festivals.

Tamil Nadu raises almost the whole of its tax revenues through indirect taxes of which taxes on liquor contribute about 19 per cent. Therefore it is not surprising that all the political parties with the exception of the Congress I — which is for total prohibition — have remained silent on the question of prohibition. Even the partial prohibition currently in force has entailed a loss of revenue to the extent of Rs.200 crores. So, though the Congress I probably will get 50 per cent financial support from the Centre for imposing prohibition, it is highly doubtful that any elected government will let slip such an opportunity to raise resources.

As it is, balancing the books has been a tricky exercise. The expected budgetary deficit for 1988-89 was Rs.340 crores. Fortunately, since the North Madras Thermal project has not taken off as scheduled, the spending under this head will be Rs.100 crores, instead of the projected Rs.200 crores. The state can also utilise ways and means advances from the RBI to the extent of Rs.83 crores, thereby leaving a balance of Rs.157 crores which remains uncovered.

The party that comes to power will inherit this deficit. Since the state cannot afford the burden of more expenditure on welfare schemes, promises may be reviewed realistically once the election hurdle is crossed.


Karunanidhi: prudent offer of rice during festivals


Moopanar: writing off part of famrers' credit

■ DHARANI K. PANI

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Think about it, Sweden!

The Swedish democratic socialist experience, even if it works only at high per capita income levels, has for long been a source of inspiration for policy makers in India. Just as the humanity, civility, maturity and honesty of the Swedish people have been a matter of admiration to the common man in India. It is thus that the Bofors affair, a matter involving a leading Swedish multi-national, certain parts of the Swedish government and some highly placed individuals in India, has come as a great shock to the people of India.

Many of us in India realise that corruption and dishonesty among public officials is now endemic. We also realise that an increasingly corrupt system cannot deal with the enormous task of bettering the lot of the hundreds of millions of impoverished, illiterate and malnourished Indians who comprise the majority of its population. One cannot but conclude that anyone who willingly participates or condones this venality, particularly when it is of monumental dimensions, is not only inimical to the Indian people, but also to all norms of decency and honesty that should underscore all actions in public life.

Corrupt officials

Now consider the facts of the 'Indian' Bofors affair. A country with a per capita income of about US $ 380, one of the lowest in the world, places an order for about US $ 2 billion worth of howitzers and munitions made in a country enjoying, perhaps, the highest standard of living in the world. Whether these guns are needed or not, or whether they were the best available, are not the issues anymore. (Incidentally, these howitzers have recently been used against Pakistani positions in the high Siachin glacier area and have been found to be exceedingly good.) The issue simply is whether high officials of the Indian government were bribed or extorted bribes in return for placing the order on Bofors? If this is so, then the guilty are not in India alone.

Now is there a basis to conclude that wrongdoing was involved in the purchase of these guns? Consider this. The need for the guns was established as early as 1978. Shortly thereafter Bofors enters into an agreement with a mysterious Panamanian company called "Svenska", entitling it to up to 3.2 per cent commission on all sales to India. In 1979 Bofors enters into yet another contract with an equally mysterious company called "Pitco" entitling it to a commission of up to 2.2 per cent on all sales to India. This we know from documents originating from Swedish sources published in a leading Indian newspaper *The Hindu*. These documents were later on authenticated by Mr. Lars Ringberg, the Swedish prosecutor who has now thrown his hands up in the face of continued stonewalling by the authorities, both, in Sweden and in India. More about this later.

In March 1985, just as the decision making entered its final phase, the defence secretary of the government of India, informed all the bidders that they should not employ any agents or intermediaries or pay any commissions on this purchase to any person or firm. The bidders, including Bofors, agreed to this stipulation which apparently was meant to demonstrate the resolve of the new government headed by Rajiv Gandhi to ensure that no one made money from peddling influence. Or so we were to believe. Gandhi also claimed that he had personally conveyed this to the late Olof Palme when they met earlier that year in connection with the six nation initiative on disarmament! Palme, he claims, agreed to ensure this. Thus, if commissions were in fact paid, as they indeed were, then the former Swedish Prime Minister, by inference at least, was partly to blame.

Ingenious claim

When the Swedish National Audit Bureau, and documents made available to the press confirmed that payments were made, both, Bofors and the government of India rather ingeniously claimed that these were "winding up costs" and not commissions. It did not faze them one bit that these so called "winding up costs" ran into huge sums and that the amounts paid largely tallied with the commissions due to be paid in any case.

Even if we accept this, it does not explain away the appointment of yet another company of unknown pedigree called AE Services on November 5, 1985, a good six months after the Indian defence secretary's "no agents-no commissions" stipulation. Bofors' contract with this London based company, very clearly states that the agreement is specific to the FH-77 howitzer order by India and that it was for a limited duration only, being due to automatically expire on April 1, 1986 if the order was not placed on Bofors. As per the terms, AE Services was to receive 3 per cent on the total sales as "fees".

The word commission is very clearly used in later correspondence and documentation thus making it amply clear that fees and commission were one and the same. Whatever this remuneration to AE Services be called, they seemed to have worked wonders for Bofors. For nearly a decade Bofors had been pursuing the contract through the byzantine labyrinths of India's offi-

MOHAN GURUSWAMY

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On April 23, 1987, the government of India assured the Indian Parliament that if at anytime it was established that Bofors had violated the undertaking given by it and had paid any money to one or more intermediaries to secure the contract, it would blacklist and penalise Bofors. It has not done so, as yet

cialdom and was not getting very far. Now suddenly things began to move with breakneck speed! It may also have been due to the fact that Rajiv Gandhi was now the defence minister also, having relegated the well regarded incumbent to the somewhat lowly education ministry. This might very well be a coincidence, after all such things are known to happen. But consider the following chronology:

- 11 March 1986. Bofors and the French company, Sofma, submit their final proposals.
- 12 March 1986. The government of India's Negotiating Committee recommends a letter of intent to Bofors. On the same day a note was sent to Rajiv Gandhi in his capacity as defence minister to issue a letter of intent to Bofors.
- 13 March 1986. The finance ministry approves the recommendation of the Negotiating Committee.
- 14 March 1986. Rajiv Gandhi as defence minister gives his approval. The letter of intent to Bofors is issued the very same day.
- 21 March 1986. The defence secretary sends a note to Rajiv Gandhi as prime minister for final approval.
- 22 March 1986. The defence secretary sends a further note.
- 24 March 1986. The prime minister, Rajiv Gandhi, approves the proposal. On the very same day six agreements, three with Bofors, one with the Swedish government, and two with the Swedish government's export credit organisation are entered into.

In this manner, a week before its specific-purpose, specific-duration contract with Bofors was due to terminate, AE Services delivered the contract as undertaken. It would thus seem that AE Services, whoever they may be, had in it something that could make the gargantuan and notoriously lethargic Indian system move at unaccustomed speed!

There is clear proof that AE Services have been well rewarded for their "services". This payment, however, is violative of the undertaking demanded by the government of India from Bofors. It is also contrary to the purported assurance given by Olof Palme to the Indian prime minister in the course of their "walk in the garden" in New Delhi in early 1985. Carl Johan Abeg, the then Swedish undersecretary of commerce, has since confirmed that this instruction was passed on to him by Palme. Both, Palme and Gandhi, have somewhat unusually not recorded this, as they should have. On April 23, 1987, the government of India assured the Indian Parliament that if at anytime it was established that Bofors had violated the undertaking given by it and had paid any money to one or more intermediaries to secure the contract, it would blacklist and penalise Bofors. It has not done so, as yet. On the other hand it scoffs at those in India who demand of it action as solemnly assured in parliament, as agents of extra-national forces bent on destabilising the nation!

Supercilious attitude

The Swedish government and Swedish society in general seems to have taken the somewhat supercilious and culturally arrogant attitude that, such are the levels of public morality in the developing world and to do business there one has to be necessarily corrupt. And this may very well be true. But remember that in a year from now elections are due in India. A new government committed to unearthing all the facts and also to recovering from the Swedish government, if not from Bofors, all that was paid to the still unknown persons for real or imaginary services, may be elected. In all probability this will cause ill will and disharmony between the two nations. The Indian government for understandable reasons seems disinclined to secure all the facts and letting them be known to its people. But must the Swedish government and the Swedish people go along with this? Is Sweden no longer to be an inspiration for developing societies? The Swedish people need to ponder about this. Just because the crime took place in another country it does not absolve Swedish society, when a leading Swedish corporation and parts of the government seem party to the fraud perpetrated on the Indian people.

And finally, think about this. The money paid so far to these influence peddling agents who seem to live neither in India nor Sweden, would have provided for atleast 600 elementary schools in a country where 64 per cent are illiterate; or 500 energised tubewells in a country where only 32 per cent of agricultural land is irrigated; or 700 hundred primary health centres in a country where the birth rate is a high 37.2 per 1000 and the life expectancy at birth is only 50.5. Think about it, Sweden!

This piece was written on request for a leading Swedish daily

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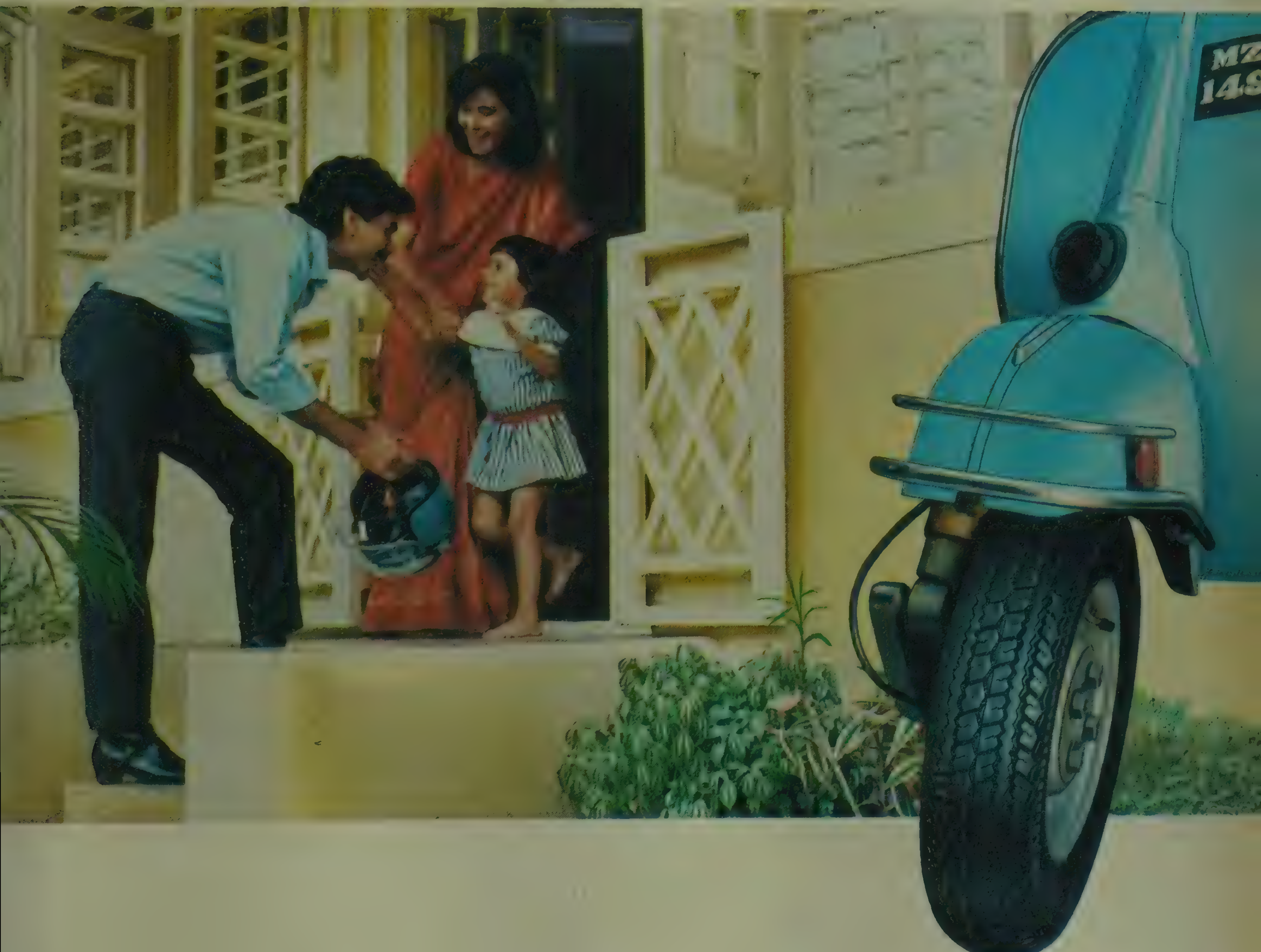

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SYNDICATE BANK

Under a cloud

The bank has overcome the extreme liquidity crunch it faced a year ago. However, several allegations of mismanagement of funds, nepotism and window dressing of accounts still persist

Headquartered at Manipal in Karnataka, Syndicate Bank was a low profile, small man's bank till recently. Lately, however, like some of the other Southern banks, Syndicate has been on a lending spree, paying little heed to the Reserve Bank's restrictions on advances. In 1986-87, the bank, having failed to maintain the required reserve ratios with the RBI, had to pay a steep penalty of Rs.23 crores.

Since then, the current chairman, P.V.S. Mallaya (who took over in September 1986) has taken steps to correct the bank's overlent position and bring down the credit to deposit ratio. The deposit growth in 1988 has also been a record 20 per cent — the banking industry average was 17.4 per cent. Mallaya's performance would have been commendable no doubt, if it wasn't for the recent allegations of mismanagement and gross nepotism. Mallaya's blatant favouritism towards even those guilty of causing some of the bank's ills got the top management squabbling. In the process officers and clerical staff became a demoralised and disillusioned lot too.

Some cases

One of the most blatant cases of mismanagement: at the bank's Delhi (R.K. Puram) branch, books of accounts have not been tallied for the past 12 years; the difference in account runs into several crores of rupees. As many as 103 overdraft loan accounts involving Rs.1.20 crores had become time-barred as on 1 March 1986. As and when the accounts are finally reconciled, insiders say, net loss to the bank may be to the extent of Rs.4 crores.

The erstwhile manager in charge of the R.K. Puram branch, T.J.A. Ganiga, accord- ing to Mallaya, created a record of sorts i the rapid growth of the branch — it ha the largest number of deposit accounts i any single branch in India.

Instead of being indicted for neglect o the basic rules of banking, in his eager ness to set records, Ganiga is bein shielded by his chairman. Today, Ganig is one of the "success stories" in the bank says the bank's executive director, Laxm Narayanan, and holds vital portfolios lik inspection. Mallaya would have probab made him the chief vigilance officer to but the department of banking in th ministry of finance rejected the proposa

Another case of fraud which shook th Syndicate Bank was the rice scandal. Th manager of the Green Park branch, Ne Delhi, discounted a bill for Rs.28 lakhs o 5 September 1983 for the supply of rice t the Orissa State Civil Supplies Corpora tion. The bill was in the name of Oris mount International, a new firm floate by one Roy Chowdhury, who soon disap peared and has not been traced sinc

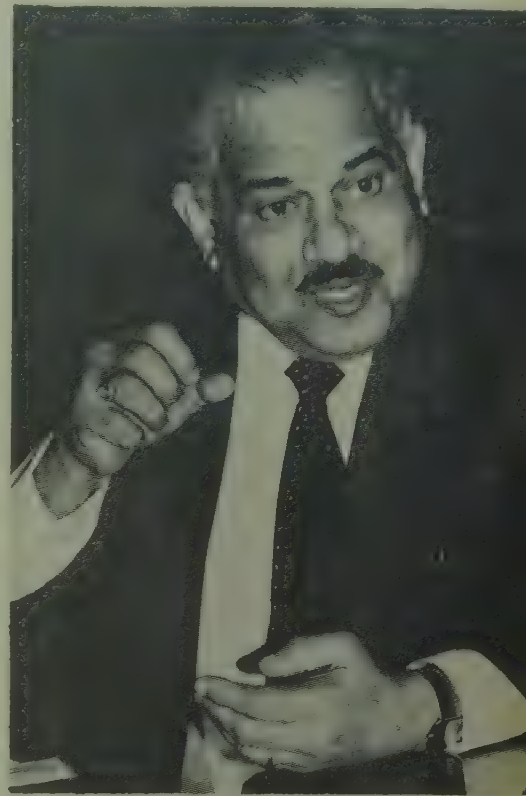
The Syndicate Bank's corporate headquarters at Manipal: shaken by scandals

And, of course, the Orissa corporation dishonoured the bill because it found that the quality of rice was very poor.

According to the subsequent confessional statement of R.G. Dilip Kumar, manager of the Green Park branch, the bills were discounted on the oral instruction of Ganiga, who was then the assistant general manager. Mallaya was then general manager. Kumar further states that his efforts to get the oral instruction converted into a written order did not meet with any success. "Ganiga kept on requesting me to give in writing that he did not instruct me to discount the bill and that Mallaya was in no way connected with it," says Kumar.

Flimsy accusation

Kumar has since been suspended (not, of course, for the rice scandal) but on the flimsy accusation of giving a loan to a police officer posted at the Moscow Embassy, who had used a fictitious name. (It is a government rule that police officers on overseas jobs should not use their real names.) The police officer concerned has paid up the entire sum and testified in favour of Kumar who won the case late last year in the district court. But Mallaya still remains adamant, "Kumar has been charge-sheeted and is under suspension for exceeding his authority."



Mallaya: denying the worst

Narayanan, who temporarily holds charge as chief vigilance officer of the bank accepts that Kumar was not charge-sheeted in the more serious rice case, nor has the case been handed over to the Central Bureau of Investigation — and this in a case where the bank stands to lose nearly Rs.32 lakhs, interest included.

The story gets murkier with strong rumours that the Indian Police Service officer in the CBI in charge of the banking cell was "fixed" — he was sanctioned a housing loan of Rs.3.5 lakhs. A loan of Rs.50,000 was given without any mortgage on 29 October 1986 in SB Ac No.42507 in the name of the officer and his wife in the Connaught Place branch in New Delhi. This account was later converted into a loan account and the amount raised to Rs.3.5 lakhs.

Another shocking case is that of P. Kharras and Company, who were the sole distributors of Godrej furniture and security systems for the north. When the total advances to this company went up to Rs.3.5 crores, it was discovered that it had taken similar amounts from three other banks against the same collateral. However, by the time the case came to light, D.G. Poojari, the manager of the Syndicate Bank branch involved in Connaught Place, New Delhi, had already been transferred to London as manager

Business India *spoke to both chairman* **P.S.V. Mallaya** *and executive director,* **Laxmi Narayanan** *of Syndicate Bank. Some of the questions were put to both*

Is all the authority in your bank centralised in the person of the chairman or is there some delegation of power?

Mallaya: When we don't have money in the kitty, where is the question of delegation? The executive director is the number two in the bank. He disposes of the cases. No proposals are coming to me at all.

Narayanan: Delegation of authority is there as a system. Technically, I enjoy the powers of the chairman in his absence. But the number two is an understudy. The chairman is the first functionary. I can dissent and tell him what is right and what is wrong but beyond that nothing can be done.

Is it correct that decisions on all advances are taken by you and nothing goes to the chairman?

Narayanan: No, it is not like that. As per the administrative structure, whatever goes to the board of directors must pass through the executive director and the chairman. Similarly, whatever goes to the chairman should pass through the executive director. But there may be cases where things do not pass through me. The case may go directly to the chairman, which I cannot question.

Are such cases the normal rule or the exception?

Narayanan: It should be an exception. But it would not be a correct thing for me to say that it is not happening. But in any structured organisation, there would be exceptions and they have to be justified.

In the case of P. Kharras and Company, why was the concerned officer promoted in London and later given a coveted posting in Bombay?

Mallaya: This is not correct. When there is a case against somebody, he will not be promoted.

Narayanan: The case came up after his posting to London but it happened during his tenure in Delhi. He was brought to Bombay as assistant general manager, international banking, because he had spent some time in London and there was no incumbent for the post. He was promoted as AGM in London.

Is it correct that you wanted to make T.J.A. Ganiga the chief vigilance officer of the bank but the department of banking refused?

Mallaya: No. In what way is Ganiga responsible for what has happened in the R.K. Puram Branch? How can he be held responsible 15 years after he handed over charge of the branch?

Narayanan: I think the recommendation to make Ganiga the chief vigilance officer had gone and the Banking Department had put its foot down. We don't know why. He was in Delhi for a number of years. They may know him. He was also perceived as the chairman's friend. But, I am not supposed to know about it even though I am number two. I don't have a say in the vigilance department. I am the chief vigilance officer only till a new incumbent comes.

■ AS

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of the bank's only overseas branch. Poojari who was later promoted to assistant general manager at London, was, on completion of his tenure, brought back to Bombay and put in charge of the international banking division, a post normally reserved for general managers.

"Exemplary punishment"

According to sources, when the central vigilance commission completed its enquiry and recommended that "exemplary punishment may be awarded" to Poojari, the bank's management merely stopped his increments. Poojari however preferred to resign. His resignation was accepted within 48 hours and he was allowed to fly to London with his family to take up a job with the Bank of Credit and Commerce International (BCCI). And this despite the fact that it is the policy of the Syndicate Bank that an officer of the rank of assistant general manager and above cannot resign without the prior approval of the board of directors.

The blatant cases of nepotism and favouritism in promotions in the bank has come to the notice of the government. In a telex (number 14/3/88-vig) sent to Mallaya, the joint secretary in the department of banking has asked for information regarding promotions granted to certain officers against whom the CBI has registered cases. It has also asked whether the chairman had brought these cases to the notice of the departmental promotion committee of the bank before selecting the officers for promotion to higher cadres.

Mallaya appears to be continuing unfazed. He has mooted a proposal before the board for a drastic change in the promotion policy, by which 25 per cent of the promotions will be for high performers, without seniority being a consideration. According to Mallaya, he has already got a "tentative" go-ahead from the trade unions. Insiders, however, point out that if such a policy is implemented there would be further frustration and disillusionment.

Window dressing

The other allegation against Syndicate Bank is that it has been frequently taking recourse to window dressing to show higher profits. According to the bank's circular (mis-28/1988/0062/erdp-mid) dated 22 June 1988, it had shown an aggregate deposit of Rs.4,247 crores as on 3 June 1988 as against the year-end deposit of Rs.5,214 in 1987. This implies that the bank lost deposits of Rs.1,011 crores in about five months. Obviously, then, the figures for 1987 were spruced up; Mallaya strongly denies this.

Narayanan: "number two is only an under-study"

The statement for operating results for 1987 says: "In spite of limited credit expansion to bring down the high credit to deposit ratio, there has been an increase in the total earnings of the bank. The total earnings increased from Rs.498.56 crores in 1986 to Rs.572.02 crores in 1987, showing an increase of Rs.82.46 crores." However, the operating expenditure went up to Rs.564.92 crores in 1987, from Rs.483.03 crores in 1986, thanks to an increase in the interest rates on deposits, and mounting wage and post and telegraph outgoes. The net profit stood at Rs.7.10 crores in 1987, against Rs.6.51 crores in the previous year. This figure, according to sources within the bank, was the result of accounting jugglery.

The bank adopted a new accounting procedure for compiling the balance sheet for 1987, whereby it showed a profit against an actual loss of Rs.18 crores. The auditors noted: "During the year the bank has discontinued the accounting practice of reversing unrealised interest (till the date of filing the suit) on advances to parties against whom suits for recovery have been filed." In effect, the unrealised interest on loans in court account has been included to conjure up a profit of Rs.15.5 crores. If this had not been done the bank would have ended the year with a loss of Rs.8 crores. Usually, interest on loan account cannot be taken into account as a profit unless the court passes a decree against the borrower.

Though Mallaya denied that the accounting procedure was suddenly changed to show a profit, Narayanan said it could be "partly right". According to him, "The year 1987 was an extraordinary one, when a penalty of Rs.23 crores had to be paid to RBI for exceeding the SLR/CRR. This made terrific inroads into our gross profits which we could not afford to show. So certain basic accounting adjustments had to be made but not with the sole view of boosting profits." While Narayanan agreed that if such an accounting adjustment had not been made, the bank would have shown a loss, Mallaya even refused to accept that any penalty had been paid to the RBI.

Changed policies

Mallaya does agree that the bank was in an overlent position. According to him, it is basically his policies which put the bank back on the correct path. Soon after he took over he put (via circular 304/86/bc/cr/153 dated 19 September 1986) the discretionary lending powers of all functionaries, including general managers, in abeyance. Prestigious accounts, like those of ITI, FCI, BHEL, IFFCO, and SPIC, were also shed to bring down the level of advances. Consequently the credit/ deposit ratio was brought down from 70 per cent in 1986 to 68 per cent in 1987.

According to B.P. Baliga, deputy general manager in charge of Delhi zone, currently the zonal office has the powers to sanction up to Rs.20 lakhs in secured loans up to Rs.10 lakhs in unsecured loans. However, he says, "This remains merely in principle because final clearance for disbursement is still centralised". The shedding of accounts, Mallaya claims, was only a temporary measure and now all the accounts are back with Syndicate Bank. Narayanan however says some are still pending.

Mallaya also points out that in the curbing of advances, "we decided to say no to a few big borrowers, but the priority sector 20 point programme and the rural sector was not touched". And this has paid. In the bank's 60th year, its "pygmy deposits" scheme, started way back in 1929, accounted for Rs.600 crores. This inherent strength might, Mallaya hopes, help to see the bank through its present problems.

But Syndicate Bank's top management has much to answer for before it can talk about old strengths and future growth.

■ ANOOP SAXENA

GAMMON INDIA LTD

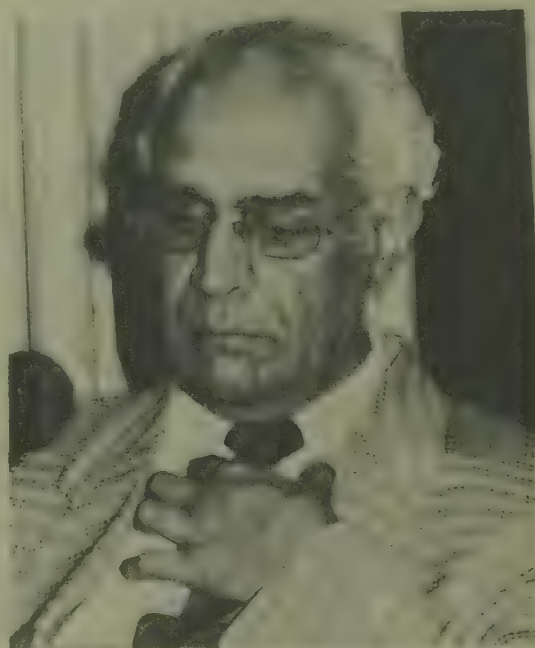
Point counterpoint

War games have begun in right earnest in Gammon India with the antagonists, the Chhabrias and Subba Rao trading allegations to embarrass each other

As 31 January, the date set for the adjourned AGM of Gammon India, approaches, it is unclear whether the meeting will be held. The present management, led by managing director T.N. Subba Rao, is waging a quiet war against raider Manu Chhabria for the proxies of small shareholders who hold the balance of power in the struggle for control of the company. While the management is trying to defend its track record, Chhabria charges the management with incompetentence and corruption.

In the media wars that have ensued, Chhabria has clearly had the upper hand. Several national magazines have, clearly at the instance of the Chhabrias, questioned the Gammon management on several alleged irregularities. The three most important allegations concern the source of funds with which Subba Rao planned to buy Andrew Gammon's shares; the ownership of five NRI companies which hold 3.67 per cent of Gammon's shares; and charges that chairman James Bates retained funds from Gammon's contracts overseas and used it for the benefit of Subba Rao and himself.

The Gammon management, which has been diffident about talking to the press in the past, held a press conference at the Taj Mahal Hotel in Bombay on 12 January 1989. At this meeting, Bates, Subba Rao and P.L.N. Vijaynagar, company secretary and a director, addressed these allegations head on.



Managing Director Subba Rao: meeting the allegations head-on

Clarifications, finally

Bates pointed out that it was actually he and Peter Gammon (Andrew's stepbrother), and not Subba Rao, who had negotiated with Andrew for the purchase of his shares. Finally, Chhabria bought the shares at 5.20 pounds a share last year (paying a total of 1.43 million pounds). While failing to pick up Andrew's shares, Peter bought the 4 per cent stake of the J.C. Gammon Estate at 5.2 pounds in November 1988. They are now held by a trust called the Peter Gammon Trust. Vijaynagar argued that in the purchase of Andrew's shares, the Chhabrias had failed to comply with an RBI regulation that required prior permission taken before the purchase of non-resident share holdings.

Subba Rao denied that he had anything to do with any overseas companies holding Gammon shares. According to him, the five companies incorporated in England were set up by NRI employees who had got a loan from a Meghraj Bank in London. Finally, James Bates held that allegations against him of retaining funds overseas were totally unfounded. Questioned on why he was resisting a takeover when he could remain as a professional manager in the event of a takeover, Subba Rao retorted that the track record of the Chhabrias proved otherwise. What remained unstated was that with the Gammons being virtually sleeping partners, Subba Rao was in virtual control of the company.

The Gammon management was planning to follow-up the press conference with an extensive corporate advertising campaign in national newspapers which was expected to be launched on 15 January 1989.

However, a small shareholder, Lakshmandas Luthria, who holds 40 shares, obviously with the support of the Chhabrias, obtained an injunction against the campaign on 14 January 1989 (a few ads were published anyway). When the case came up for hearing on 17 January at the Bombay city civil court, Luthria argued that Gammon's business of contracting did not require large scale advertising and the campaign was mainly intended to help the management garner proxy votes. The use of company funds for such a purpose was forbidden by law, he argued.

'Virulent campaign"

The company argued that the ad campaign was intended to counter a "prolonged and virulent campaign" that was aimed at destabilising the management. The court however, passed an injunction restraining the company from publishing any advertisements prior to the AGM of the company. The company's appeal to the Bombay high court was, however, dismissed. The Gammon management is likely to appeal to the Supreme Court.

The Chhabrias are likely to press on their attack on the management. Already, another shareholder, Vinod Ratilal Kanani, (who earlier obtained an injunction against the holding of the company AGM) has filed a suit seeking to restrain the transfer of a property measuring 941 sq metres in Juhu, Bombay, from Gammon to Subba Rao. The transfer was approved by the board on 14 September 1988. According to the suit, Subba Rao was charged Rs.11.95 lakhs while Kanani alleges that the actual value of the property is Rs.2 crores.

With such frequent assaults on several fronts, the Chhabrias clearly hope to embarrass the current management. But the latter still holds the trump card: voting power. Last year, the management garnered 41 per cent of shareholder's votes (including 11.7 per cent which Peter controls). In contrast, the Chhabrias have the support of only Andrew's 12.8 per cent shareholding. The 11.3 per cent which they picked up in the local market is still lying with the company for transfer. And that, the company is unlikely to do.

■ [illegible] THOMAS

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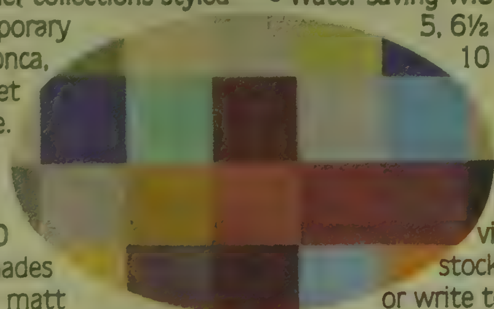

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ELIANCE INDUSTRIES

Bouncing back

he troubled times seem to be finally over for Reliance. The terrible squeeze n profits during 1987-88, which was window dressed, has now eased and he company is all set to bounce back

New LAB plant at Patalganga

he mood at the corporate office of Re-ance Industries Ltd in Bombay is defi-itely up-beat. Senior executives are now reoccupied with maximising gains from he large investments made in the last hree years. The massive PTA (pure ter-phthalic acid) and LAB (linear alkyl enzene) plants, commissioned in April nd May 1988, are now bringing in the ucks. The plant for paraxylene — a key naterial for PTA manufacture — is read-ing for commercial commissioning.

Already, in the first five months of the urrent year, sales were up by 48 per cent o Rs.595 crores and the Reliance man-gement is confident of reporting a sharp ise in profits in the six monthly results o be released next month.

All this is in sharp contrast to the ravails the company underwent in 1986 nd again during 1987-88. When V.P. ingh was the finance minister three ears ago, Reliance entered a rough patch rom which it is emerging only now. Sev-ral fiscal props were withdrawn, probing nvestigations were launched, and cus-oms clearance for the PTA plant and the CI sanction for raising funds was elayed.

ifferent problems

Vith the exit of V.P. Singh, Reliance was oon back in favour. But now it faced a ifferent problem: three giant pe-rochemical plants (LAB, PTA, parax-lene) had to be set up and ommissioned in as many years. This neant that there would be a massive ncrease in fixed assets, but no commen-urate rise in sales and profits — a terri-ying prospect for a company that epends so much on shareholders for unds. Thus, creative accounting became necessity.

During 1986, Reliance showed a re-pectable rise in sales, mainly by inflating s textile trading turnover (see *Business ndia*, September 7, 1987).

And now again, an analysis of the re-ults for the 18 months to June 1988, eleased last month, raises doubts that a najor chunk of book profits may be a esult of sheer creative accounting. As the auditors' notes to the accounts clarify, profits for 1987-88 would have been lower by Rs.24.5 crores if there was no change in the depreciation method and by a further Rs.10 crores if tax was fully provided.

Apart from these, the company appears to have substantially over-capitalised expenses pertaining to the trial runs of the LAB and PTA plants. While it is difficult to quantify its extent, since Reliance refuses to divulge the required details, calculations show that the overcapitalisation and hence inflation of book profits, may have been very large.

For instance, Reliance produced over 20,000 tonnes of LAB during trial runs, of which, around 6,000 tonnes were sold during the trial run period, 9,000 tonnes after, and around 5,000 tonnes remained as closing stock as of 30 June 1988. The value of these 20,000 tonnes of LAB alone would nearly equal Rs.40 crores. This amount was deducted from capitalised expenses as the value of material (which includes both LAB and PTA) at the end of the trial runs. How, then, is the 16,000 tonnes of PTA (also produced during trial runs) accounted for? A part of this was captively consumed, and a part sold during the trial run period. The realisable or market value of this PTA at full price would exceed Rs.40 crores. However, even assuming its worth to be much lower than the market value, since trial run production is often of bad quality and sold cheap, the 16,000 tonnes of PTA would still be worth a significant sum of money. This does not appear to have been considered at all for reducing the capitalised expenses.

Then there can also be some doubt on Rs.21 crores spent on "electric power, fuel and water" during four months of trial runs of LAB and PTA. This appears too high because the company spent only Rs.71 crores for power and fuel at all its other plants in Patalganga (PSF, PFY) and Naroda (textiles) for 18 months, as well as at the same LAB and PTA plants for 2 months after commissioning.

Moreover, the company, in its annual report, claims to have sold nearly 17,000 tonnes of LAB in just two months, May and June 1988. Industry watchers find it hard to believe that such a large quantity could be sold in such a short span of time since the supply of LAB exceeded demand by 50,000 tonnes, last year. This has led to a suspicion that a part of these sales may have been effected during trial runs but booked later. Also, the cost of 81,000 tonnes of PTA consumed during the period at Rs.17,000 per tonne is considered by many industry insiders to be rather low since the average landed cost was Rs.23,000.

All this leads one to believe that Reliance has significantly understated expenses. Otherwise it would have barely been able to show any book profit during 1987-88, despite the budgetary sops of last March to polyester.

Yet, Reliance may no longer need fanciful accounting in the years ahead. Once the 100,000 tpa paraxylene plant is commissioned, the company will be in clover. With its own paraxylene, Reliance will enjoy a substantial price advantage over other polyester fibre and yarn manufacturers. The latter buy their DMT and PTA requirements from the market at rates that embody the high import duty on paraxylene. At full capacity, the cost advantage on paraxylene to Reliance would exceed Rs.100 crores.

So, notwithstanding all the trouble and fiddles of 1986 to 1988, Reliance is now all set to bounce back. The tremendous cost and market advantages of vertical integration (from naphtha to textiles) and a diversified product-mix makes Reliance today a formidable corporation to reckon with.

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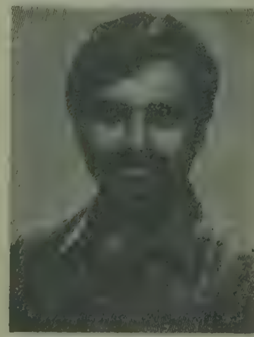
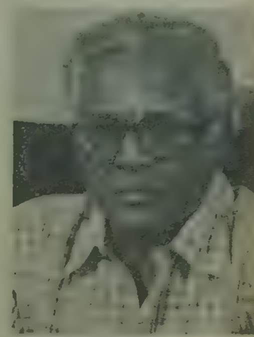
SPENCER'S

A smooth takeover

With the acquisition of Spencer's, the R.P. Goenka group has entered the south in a big way. It would be interesting to watch how the venerable 125-year-old company will evolve under the Goenkas



Goenka: "we wanted an institution"



Venugopal: profitable tie-up with the Taj group

In one of the smoothest takeovers that Madras has ever seen, Spencer's and Co Ltd which was controlled by the family of the late C.H. Bhabha of Bombay has been acquired by the R.P. Goenka group. Bhabha's son Homi and his friends and associates held about 73 per cent of the equity (2,92,452 shares) which has been purchased by the Goenkas for a total consideration of Rs.5.2 crores at the rate of Rs.175 per share. The share had a paid up value of Rs.10 and a book value of Rs.100. Yet the general feeling in corporate circles was that the price paid appeared too low in the light of the present high value of the real estate owned by Spencer's all over the country.

Valuable property

Spencer's, a 125-year-old British company founded in Madras, started as a department store. It slowly grew to set up a department store chain all over the country under the venerable "Spencer's" banner. In that process, the company acquired a lot of real estate in Madras, Coimbatore, Bangalore, Cochin, Bombay, Delhi and Calcutta, as well as in most South Indian hill resorts. Its possessions include three hotels, the Connemara in Madras, the West End in Bangalore, and the Savoy in Ooty.

By the early eighties, because of surplus staff, rising costs, losing important agency lines like Kelvinator and Amul products, and competition in the department store business, Spencer's started facing a cash crunch. When R. Venugopal, who had risen from the ranks, took over as vice-president and managing director in 1983, he took some steps to improve the situation. The surplus labour was reduced, unprofitable ventures shed and interest costs cut down.

In 1984, Venugopal also tied up with Indian Hotels Limited (the Taj group), which took over the running of the three hotels owned by the company under a 25 year licensing arrangement. It is said that Indian Hotels paid a hefty deposit initially. It also pays a percentage of the turnover to Spencer's every year. The company has also taken up the processing and export of shrimps and runs a fleet of trawlers. It has also started the manufacture of pharmaceuticals in a small way.

But the most important development in recent years has been Spencer's foray into real estate development. In the last four to five years, the company, by developing its properties in the major cities, was able to generate almost Rs.10 crores. A very prestigious shopping-cum-office complex, Spencer's Plaza, located at Mount Road in the central business area of Madras is coming up fast. Costing Rs.35 crores, it is expected to generate a surplus of Rs.25 crores in the next few years. So the Goenkas seem to have moved in at a very opportune time.

Spencer's head office in Madras, 1986

Big entry

The Goenkas were looking for a strong base in the south. Says Sanjiv Goenka, "We were not interested in acquiring just a company, but we wanted an institution. Spencer's is an institution with a tremendous fund of goodwill." Although Goenka says that he has not really had time to study Spencer's, he is very clear that real estate development is not going to be an area of emphasis any longer.

The Goenkas have entered the south in quite a big way with the acquisition of Spencer's. They have an interest in Harrisons Malayalam, the largest plantations in the south. They already have Asian Cables, Wiltech and Karnataka Telecables in Karnataka. In Tamil Nadu, they are setting up a new company, Cetex Petrochemicals, a Rs.15-crore project, to manufacture 3.75 lakh tpa of methyl ethyl ketone (MEK). They are in the race for Kothari General Foods, for which the other suitor is the Modi group.

The Goenkas' most ambitious project is going to be the proposed 100 per cent export oriented naphtha cracker at a cost of Rs.1,000 crores to be set up in Manali close to Madras Refineries Ltd with Linde of West Germany.

It will be interesting to watch how Spencer's will eventually evolve under the Goenkas.

■ SUSHILA RAVINDRANATH

CLARION ADVERTISING

Trouble on board

Recent boardroom battles at Clarion Advertising have led to the exit of its managing director and dampened its already sagging fortunes

Passanah: prolonged feuding

For the fourth time, management wrangles at the Calcutta-based Clarion Advertising Services Ltd have led to the resignation of yet another chief executive. On 13 January, Clarion's managing director, Christopher Passanah, (who had spent 21 years with the company before leaving for Australia in 1984) threw in the towel, thanks to mounting pressure from the agency's employees' union that had the tacit support of chairman N.P. (Potla) Sen and a few other directors.

The internal tussles that developed into an unsavoury slanging match in the media between Passanah and Sen may now seriously weaken Clarion. The powerful Indian Newspaper Society (INS) has advised member publications to be cautious while dealing with the troubled agency.

Quick exits

Over the last several years, three chief executives besides Passanah have quit — Tara Sinha, Subroto Sengupta and Prasanta Sanyal — following problems with the board. Further, the agency has lost several major clients such as IEL, Geoffrey Manners, Hindustan Lever and Lipton, and also conceded ground to others in the business. Second only to Hindustan Thompson Associates in the early seventies in billings, Clarion has gradually been relegated to sixth place.

Passanah's exit is an indicator of the power wielded by the agency's union, led by Badal Dasgupta. This is not surprising because the unionised employees hold roughly 33 per cent of the equity stake.

Last September the union demanded Passanah's ouster, ostensibly on the ground of "loss of confidence". But the real reason can be traced to the irreconcilable differences between chairman Sen and Passanah in their perceptions of how to run the agency. While Sen wanted decision-making to be left to a strong board of directors, Passanah wanted the day-to-day running of the company left exclusively to the management team comprising vice-presidents headed by the managing director.

The problem dates back to the time of Passanah's re-induction into the company in 1986. Passanah found the union's role to be "excessive". He met with strong resistance and soon had a head-on confrontation with Sen over the board's decision to collaborate with DMB&B (D'arcy Masius, Benton and Bowles), a leading US-based ad agency. This collaboration was perceived to be a cause of several big clients, such as Lipton and Reckitt & Coleman, pulling out their accounts due to "a conflict of interest". (DMB&B is one of the agencies that handle the accounts of Procter & Gamble internationally.)

Passanah however clarifies that the decision to collaborate with DMB&B was one which was ratified by the board. Moreover, the decision was taken out of sheer necessity after Clarion's long standing former collaborator, McCann-Erickson, teamed up with Tara Sinha Associates.

Union's interference

Another bone of contention was Sen's decision to favour heavy investments in Hyderabad which Passanah felt was "a losing sector". Last but not the least was the union's stand on the hiring and firing of the senior executives of the company. "The conflict arose when the union assumed the role of shareholders-managers and interfered in the decision-making process," says Passanah. "I refused to discuss the matter of firing senior personnel with the unions."

Following this, the situation rapidly deteriorated. The union openly started agitating for Passanah's removal. Sen says that though his sympathies lay with the employees, he was merely fulfilling his role as "a watchdog of the shareholders' interests". But Passanah is bitter about the "vilification campaign" launched against him by Sen doubting his capability to continue as managing director.

These conflicts have had their repercussions on the board of directors as well. Today, all but two of Clarion's directors (Satyajit Ray and H. Mangaldass) have resigned. Notices were also served by the employee-shareholders to remove non-executive directors S.B. Sengupta and P.K. Paul.

The Passanah faction retaliated by serving similar notices on N.P. Sen and H. Mangaldass, prompting Dasgupta to move the Calcutta high court against the resolution. Dasgupta is clearly happy with the way things are working out for Passanah. Says he: "Someone who has lost the confidence of the employees and created a leadership crisis does not deserve to continue as managing director."

The final outcome was to have been decided once and for all at the AGM itself in the last week of December, but, the expected fireworks failed to materialise. Passanah managed to garner the support of ex-employees of Clarion who hold an estimated 33 per cent of the shares. He, however, managed to retain his position only to resign last fortnight. Many see Sen's victory as temporary. And while Passanah claims that he quit to end the "prolonged feuding", much of the damage has already been done.

Now, the overriding question is, who will run the company? Someone within the company (it is rumoured that the company already has a pliable person in mind) or an outsider? Reports of a possible takeover by a prominent business group in Calcutta are also doing the rounds.

Clearly, a change of tack is imperative if the agency is to retain client confidence, leave alone regaining lost lustre

■ MADHUMITA BO

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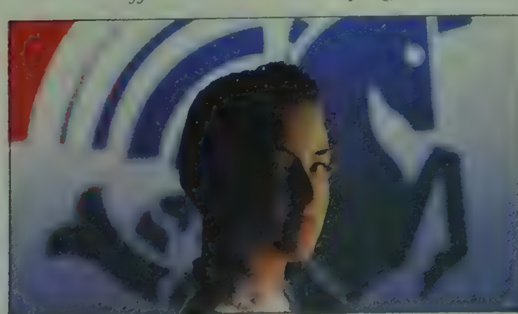

THE FINE ART OF FLYING

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LEATHER EXPORTS

How to win the west

From exporting skins and hides, the Indian leather industry has turned to finished goods. But a lot remains to be done before it can get a firm foothold in the international market

Sahasranaman: value addition, the corner stone of export strategy

The boom in the Indian leather industry has attracted entrepreneurs big and small. It is no longer the cluster of small, family-run concerns it was in 1983-84, exporting Rs.440 crores of leather products. It is now a large organised industry, which exported leather goods worth Rs.1,245 crores in 1987-88.

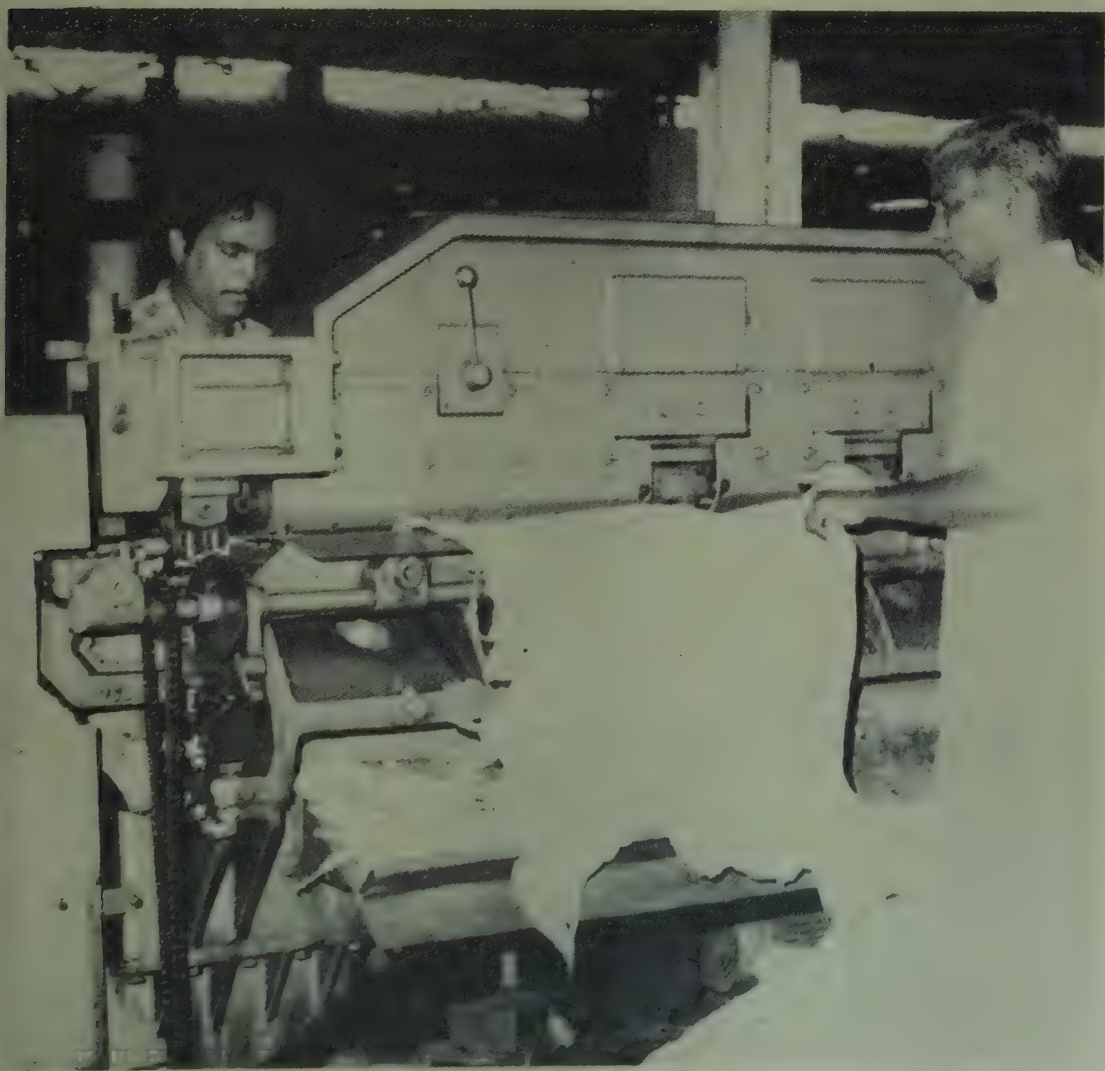
The changes are attributed to the recently polished up industrial and licensing policies. "Pragmatic government policies, liberalising imports of capital goods and large investments in modernisation has turned the industry into a major foreign exchange earner for the country," says A. Sahasranaman, executive director of the Council for Leather Exports (CLE).

India's share of global leather trade fluctuates between a mere 0.33 and 2.35 per cent. With the world market set to reach $ 60 billion by the turn of the century, it is time that the industry reoriented its strategy to get a larger share of it.

Dual deficiences

The Indian leather industry suffers from two deficiencies which need to be attended to at the earliest. In the first place, 95 per cent of our leather units are mere fabrication shops following the standards, styles, and designs set by the foreign buyer. Indian entrepreneurs manage the business, provide the infrastructure and find relatively cheap labour.

Secondly, most of the footwear exports are in the low and medium price segments. Our footwear fetches Rs. 60 a pair on an average, while the average price of a pair of good quality shoes is $ 18 (approximately Rs.275) in the international market. Indian garment and leather goods exports are also in the medium and low price segments, according to Ameer Ali Dhala, chairman of the marketing committee of Leather Garments Exporters Consortium (Legaxco).



Splitting semi-finished leather: obsolete machinery

Till the late seventies, India primarily exported raw skins and hides, and two varieties of semi-finished leather — East India leather, which is vegetable tanned, and chrome tanned leather for which chemicals are used. In the early seventies, pollution control laws became strict and wages rose in the developed countries, particularly Europe. Several of these countries decided to buy finished leather or even components like shoe uppers from developing countries, keeping the less polluting operation of assembling them at home.

In 1972, the Seetharamiah Committee advocated the 'value added' concept to increase export earnings. Subsequently, in 1971-72, the export of raw skins and hides was banned and the export of semi-finished leather was pared down to 25 per cent of exports. A liberal package of incentives followed which encouraged a shift to the manufacture of finished leather and leather products. Leather products now constitute almost 60 per cent of the total leather exports, the bulk of the remainder being finished leather.

Given an export target of Rs.6,000 crores by 2000 AD, India cannot continue to remain in the low value segment.

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quality snap fastners are not available indigenously and the duty on the imported material is high," explains Sridharan. "Large companies should enter component manufacture," suggests M.M. Hashim, chairman of CLE.

Exporters also complain of the lack of machinery to handle thicker imported hides, which are remunerative only if split into three layers. "Mere replacement of machinery and modernisation could net Rs.100 crores a year, given the rate of technological obsolescence in the industry," says Sahasranaman.

The lack of designing capability also prevents the entry of Indian products to the higher priced segments. "We are still far away from the day when we can capture an export market based on our own designs," says Ashoka Iyer, general manager, exports, MRF Ltd. "The industry has grown largely due to the designs provided by the buyers."

Taking on designing

Some companies, however, are making efforts to overcome these deficiencies. For example, to Madras-based exporters, the Farida group and Khizar Hussain and Sons, have taken the first step in marketing full shoes under their own brand names. Khizar Hussain now selects the material and designs the products with an Italian collaborator. But both companies are in the process of creating their own designing departments, manned by graduates from the National Institute of Design (NID) and freelance designers from abroad. Garment exporters, however, are doubtful. "How can we create good designs when we are not users of leather garments, and have no feel for it," asks Ameer Ali Dhala.

Tata Exports, which last year exported finished leather, shoe uppers, full shoes, leather garments and other leather goods worth Rs.39.2 crores, caters to the medium and high price segments of the market. The company keeps in touch with fashion trends abroad through periodic visits of its personnel to overseas customers, annual participation in leading international trade fairs, like Semaine du Cuir at Paris, the Pirmasens Fair in West Germany, and the Hong Kong Fair. It also depends on feedback from overseas offices and agents and trade publications and fashion literature. The company manufactures items against orders to reduce the risk due to change in fashion.

According to the CLE, an additional capacity of 500,000 pieces of garments a

Dyeing finished leather: changing profile

year is likely to be created in the next two years, involving an investment of Rs.1.25 crores in plant and machinery.

Legaxco, a consortium of 15 exporters in Madras, is now increasing production, and each of them has earmarked a portion for the US market, where they sell directly to departmental stores.

Leather goods exports are also likely to grow; the CLE estimates fresh investments in this sector to be in the region of Rs.2 crores. The footwear segment is likely to attract the largest investment. Within the next two years, an additional capacity of 26,000 pairs of footwear components a day is likely to be created in the mechanised sector. "The emphasis will have to be on the production of full shoes, though the demand for shoe uppers will continue for some time," predicts Rafeeque Ahmed.

Increasing competition

With wages continuing to rise in European countries, indications are that there will be a shift towards the import of finished products like complete shoes. But, competition is also increasing, particularly with shoe uppers coming from China, Pakistan and the Caribbean countries.

Few exporters of shoe uppers seem willing to face the risk of rejection, which is inevitable while making the transition into full shoes. This results in low productivity. "The advantages of low wages is nullified by the low productivity levels which prevail in the industry," says Sridharan. In China, 100 people produce 25,000 pieces of small leather goods a month, as against 10,000 in India.

There is also a lack of skilled manpower, especially at worker and supervisory levels. Existing institutions do not fill the gap. "We need ITI type of institutions to produce skilled workers," says an industry source. This is particularly necessary with the entry of larger companies, which is inevitable in the near future, especially with broadbanding.

"The bane of the Indian leather industry was its dwelling in the small scale or the cottage sector, with inadequate mechanisation, outdated technology and unscientific management," observes S. Subramanian, vice president of Gordon Woodroffe Ltd, a pioneering company in finished leather production and exports, which is now sick, and is being investigated by the Bureau of Industrial Financial and Reconstruction (BIFR).

The profile of the Indian leather industry is slowly changing with other large companies entering the field. But most of these companies are still settling down and have problems handling the purchase of raw skins and hides due to the lack of skills to judge and grade their quality. Many new units have overcome this problem by entering at the finished leather stage. Given the nature of the raw material market, the survivors will be those who have integrated operations.

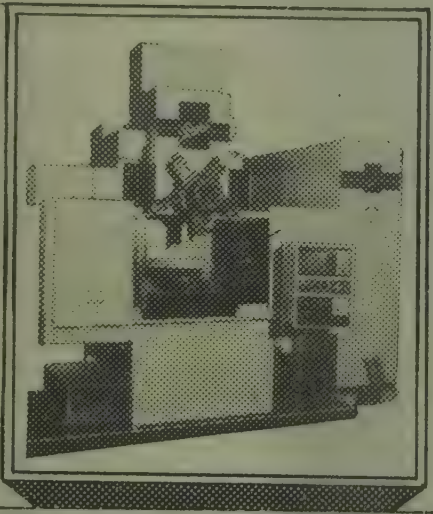
Transitional phase

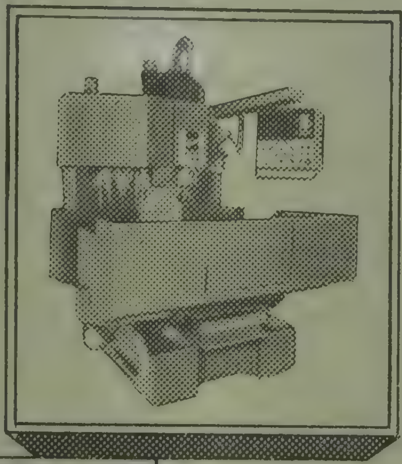
The global leather industry is also passing through a transitional phase. With rising wages in Korea, which has hitherto been a major supplier to the US market, the country is scouting around for bases in neighbouring countries to farm out their jobs. Several Indian manufacturers are trying to forge links with the Koreans which, they think, will help them acquire the necessary technology, according to Rafeeque Ahmed.

It is clear that if Indian manufacturers want to increase their share in the leather exports market, they will have to take the risk involved in changing from raw and semi-finished products to finished ones. Moreover, these finished products should also be in the higher price segments so that the manufacturers can get more value for their products, which is necessary for the industry to modernise and grow.

■ DHARANI K. PANI

The Kirloskar cutting quartet





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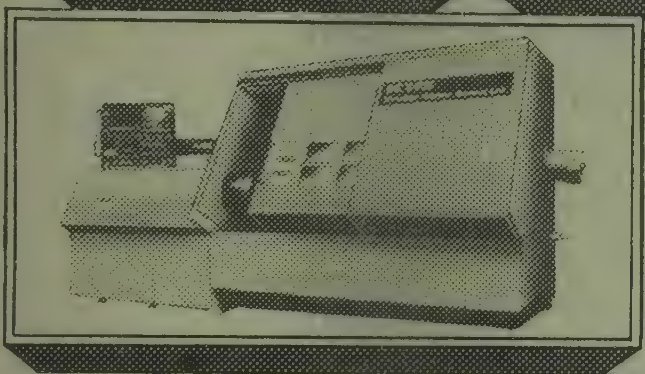

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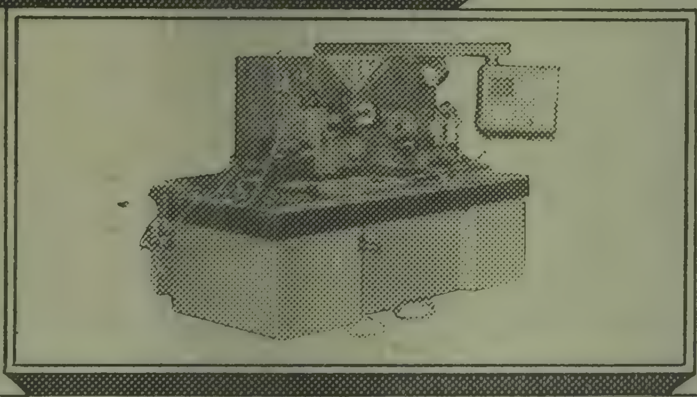

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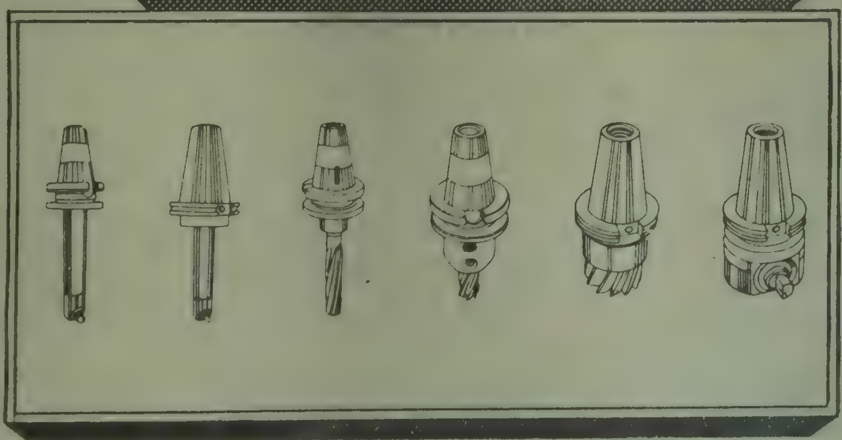

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SPONGE IRON

A new edge in steel

The sponge iron industry seems to be making a comeback with many new entrants. Availability of gas, better economics and encouragement from the government seems to have done the trick

Only three years ago sponge iron was a virtual no-no for Indian industry. Today at least seven large business houses have made a bee-line for the manufacture of this intermediate product for steel. The list reads like a who's who of Indian industry. The Modis, the Ruias, the Sunflag group, the Birlas, the Ambanis, the Mittals and the Kalyanis all think there is plenty of money to be made in sponge iron now *(see Table)*.

Together, they will put Rs.2,000 crores into the industry in the next five years. So great is the rush for sponge iron, that the total registered capacity with the DGTD now stands at 27 million tonnes (mt), which is nearly thrice the projected demand in the year 2000.

Why this sudden interest? For one, the industry's profitability prospects have improved substantially. The availability of gas for sponge iron manufacture has opened up a completely new route which has some advantages over the coal route (*see Box*). Also, in April 1985 the government had de-licensed the sponge iron industry for faster growth. More important, it instructed the financial institutions to take active part in the new sponge iron projects.

Only answer

As things have emerged in the Indian steel industry, sponge iron seems to be the only answer today to meet the country's ever-growing demand for steel. The large integrated plants are proving too costly in terms of investments per tonne of steel, energy consumption and coal requirements. Besides, as they are concentrated in the iron ore belt of eastern India, transport costs are higher.

The world over, mini steel plants are being preferred, and so also in India. Today about 30 per cent of the country's steel is produced by these plants dispersed all over the country. And experts believe that the electric arc furnace technology used by those plants is ideal, if the projected demand for 20 mt of steel a year by 1994-95 is to be met. Our current production is 12 mt.

Mini steel plants use metal scrap and sponge iron, a large part of the supplies of which are currently being imported. In recent years these imports have gone up rapidly as the demand for scrap has grown and domestic supplies have dwindled. In 1989-90 the country will need to import 3.85 mt of scrap and sponge iron to meet the total requirement of 5.75 mt of melting material. At current international prices, this will cost around Rs.1,000 crores.

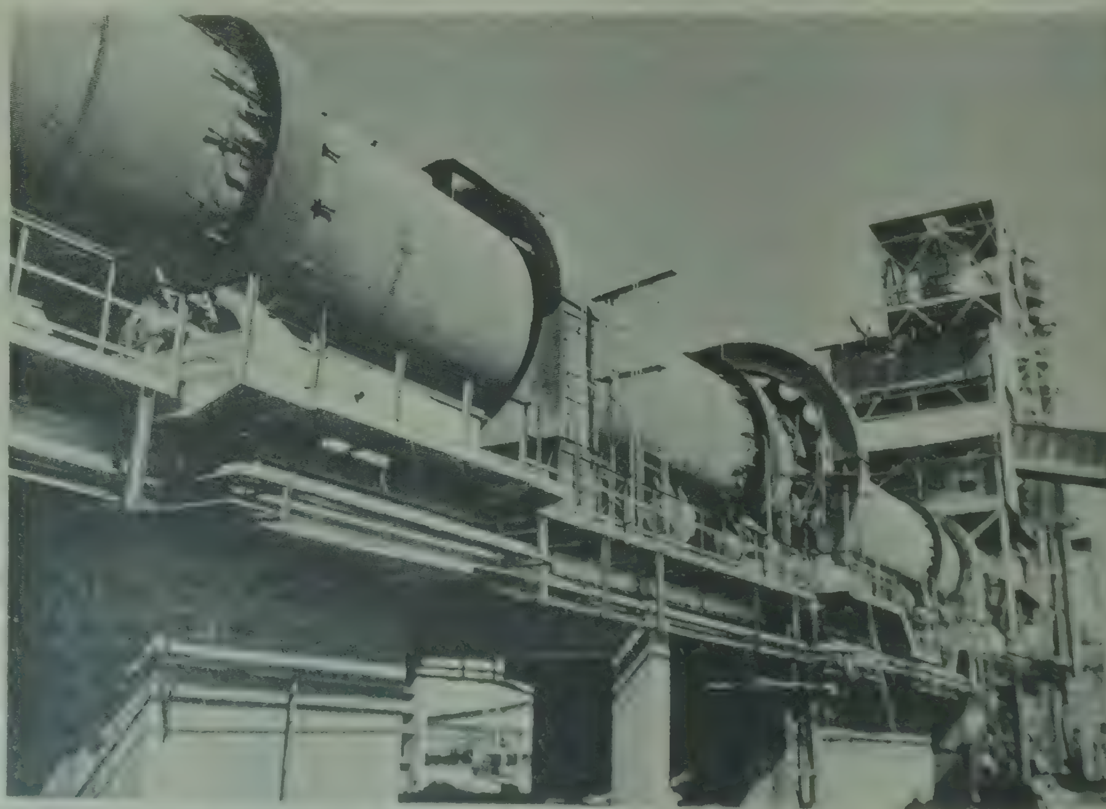
"It is absolutely paradoxical. We are exporting low value iron ore and importing high-value steel and scrap," points out Ravi Kant Ruia, managing director of Essar Gujarat. The company is setting up an 880,000-tonne gas-based sponge iron plant at Hazira, Gujarat. Says Umesh Modi, chairman of the managing committee of Bihar Sponge Iron Ltd (BSIL), which is putting up a 150,000-tonne coal-based sponge iron plant in Bihar, "The answer is in making sponge iron here. Imports must stop."

But it has taken quite a while for people to venture into this field. The disastrous performance of the two large sponge iron plants set up in the early eighties and the unattractive price of sponge iron had been keeping entrepreneurs away. Two coal-based plants — Orissa Sponge Iron Ltd (OSIL), set up in the Keonjhar district of Orissa, by a consortium of electric arc furnace unit owners and IPICOL in 1983 with a capacity of 150,000 tonnes; and Ipitata Sponge Iron Ltd, a joint venture between Tisco and IPICOL to produce 90,000 of sponge iron at Joda, Orissa — have had massive technological problems.

"Guinea pig"

"Allis-Chamlers of USA, who provided the technology for OSIL's plant, did not have any experience in coal-based technology and used the company as a guinea pig," says a steel technologist in Bombay. For the last three years, the company has been operating at only half its rated capacity. It has incurred a net loss of about Rs.10 crores and has now derated its capacity to 135,000 tonnes. Vinod Shah, senior vice-president (commercial) of Mukand Iron & Steel, one of the OSIL's promoters, admits that the collaborator was new to the coal-based technology, but maintains that OSIL's problems were largely due to "poor and inconsistent quality of coal".

Ipitata's problems were even worse. On



Sunflag's rotary kiln: sponge iron for captive use

net sales of Rs.5 crores in 1987, the company made a net loss of Rs.8.25 crores. The accumulated loss in its two years of operation was Rs.15.8 crores. Russi Mody, chairman of Tisco, however, insists that there was not much problem with technology. "It was poor quality of coal and iron ore ,which restricted our scale of operation" says he. Nevertheless, Ipitata has recently signed up with Lurgi of West Germany for the modification and expansion of its plant.

The first sponge iron plant, Sponge Iron India Ltd (SIIL) was established in Kothagundam in AP under a UNDP scheme by the government in 1978, with an annual capacity of 30,000 tonnes. Its primary objective was to provide an industrial scale demonstration unit to examine various iron ore and coal grades for sponge iron mnufacture. The SIIL plant, also coal-based, was put up with Lurgi technology and is now operating smoothly after initial problems and has also expanded its capacity to 60,000 tonnes.

The sorry state of the two large units served to make "sponge iron manufacture virtually taboo", says the technologist quoted earlier. But things have gradually changed for the better in the last couple of years. The main encouragement came from the government. Financial institutions, which had developed cold feet after sinking a lot of money into the industry, are back in the game with funds. "In all the new projects, the institutions have put in lots of money — we want this industry to grow," says C.S. Pani, technical adviser at IDBI, who has been associated with the Indian steel industry for the last 20 years.

Modi: "imports must stop"

The first two plants of 150,000 tonnes each of BSIL and Sunflag Iron and Steel Ltd (SISL), in Maharashtra, are almost ready and will start operating soon. Both the plants are coal-based, the technology for which has improved vastly over the last ten years. Lurgi, the technical collaborator of BSIL, is now the world leader in coal-based sponge iron manufacture.

But the Modis are playing it safe. "We have a two-year performance guarantee from Lurgi," says Umesh Modi, "and there is also a penalty clause attached to it." The SISL plant is a 100 per cent captive unit for its 200,000-tonne steel plant. (It will be the country's first composite plant to produce finished steel from iron ore through the electric arc furnace process.)

Future production of sponge iron will be predominantly gas-based. Of the total capacity of 3.58 mt expected to come up, 2.68 mt will be gas-based. The first gas-based plant is being put up at Hazira by Essar Gujarat, a Bombay based group involved in shipping and oil exploration support activities. The 880,000-tonne plant is being put up at a cost of Rs.305 crores. Incidentally, Essar got their plant cheap since it was bought second hand from West Germany about two-and-a-half years ago. "It is in excellent condition. The plant ran only for six months and was closed down as the price of gas went up," says Ravi Ruia. A new plant of this size would have cost at least Rs.150 crores

Existing and new manufacturers of sponge iron

Company	Promoters	Location	Cost of the project (*Rs crores*)	Route	Capacity (*tonnes*)	Year of start up	Remark
Existing units							
Sponge Iron India	Govt. of India and Unido	Kothagundam, AP	29	Coal	60,000	1980	Started as a demonstration unit with 30,000 tonnes capacity
Orissa Sponge Iron	Govt. of Orissa and a consortium of EAF units	Keonjhar, Orissa	36	Coal	1,35,000	1983	Capacity has been derated from 150,000 tonnes earlier
Ipitata Sponge Iron	Tisco and Govt. of Orissa	Joda, Orissa	36	Coal	90,000	1985	—
New units							
Bihar Sponge Iron	Modi Group, Govt. of Bihar; Lurgi, IFC and DEG	Jamshedpur, Bihar	112	Coal	150,000	1989(L)	A huge cost overrun of Rs.45 crore.
Essar Gujarat	Ruias of Essar Group	Hazira, Gujarat	305	Gas	880,000	1990(L)	The cost of the project is low because the plant is second hand
Sunflag Iron	P.B. Bhardwaj (an NRI)	Bhandara, Maharashtra	About 95	Coal	150,000	1989(L)	A captive unit for steel making
Vikram Steel (a division of Grasim)	Aditya Birla of Grasim Industries	Raigad, Maharashtra	370	Gas	600,000	After 1992	Received license
Ispat Group	M.L. Mittal (an NRI)	Orissa	220	Coal	600,000	After 1992	Status not known
Bharat Forge Group	B.N. Kalyani	Maharashtra	(NA)	Gas	600,000	NA	Status not known
Reliance Industries	Ambanis and MP Govt.	Madhya Pradesh	700	Gas	600,000	NA	Composite project with steel plant

L = Likely; NF = Not finished; NA = Not available

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ORISSA EXTRUSIONS

The shape of things to come

PRESSMAN

more than what Essar has paid.

The others who propose to set up gas-based plants are Grasim, Reliance, Mittals (Nippon Denro) and the Kalyanis (Bharat Forge). SAIL, the public sector steel giant, is reported to be planning a huge 1 mt plant at Vizag, which will use Godavari basin gas.

Increasing demand

Is the market big enough? Estimates suggest that there wont be any problems, at least for the next few years. In two years from now, production of steel by mini steel units is expected to go up to 5 mt which will require total melting stock of around 8 mt. These units can replace around 30 per cent of the scrap required in steel manufacture with sponge iron — that puts the demand for sponge iron at around 2.5 mt. Adding Tisco's requirement of around 400,000 tonnes (which it may pick up from Essar), the total demand for sponge iron in 1990 can be projected at around 3 mt. The total sponge iron making capacity (excluding Sunflag's) in that year will be about 1.33 mt, or less than half of what's needed. And by the time the other plants come up (it takes three to four years for a project to go on stream), the demand will be greater.

Quite confident that this gap will continue, all the existing and planned units have already applied for expansion. Essar wants to expand by 720,000 tonnes, taking its total capacity to 1.6 mt, BSIL wants to double its capacity to 300,000 tonnes and Sunflag wants to add two lines of 150,000 each, taking its total capacity to 450,000 tonnes.

"There will be enough room for every-

Coal or gas?

Sponge iron is basically iron ore processed to make it useable in the electric arc furnace for steel making. In good quality ore, the iron content is about 65 per cent, oxygen 30 per cent and other impurities are about five per cent. In simple terms, sponge iron is derived by reducing the oxygen in the ore through direct heating. Sponge iron, therefore, is also known as directly reduced iron or DRI. The reductants or the fuel used for reduction is either coal or gas, while in a few cases a small amount of fuel oil is also used with coal.

Huge volumes. In coal-based plants, sponge iron is produced in a horizontal rotary kiln where the maximum capacity is 150,000 tonnes per annum (tpa). In gas-based plants, the capacity of a single-module vertical shaft at the minimum is 440,000 tonnes, while the upper limit, with new developments, is 1 mt, explains Pankaj Kulkarni, executive assistant to the managing director at Essar Gujarat. Gas-based projects need larger investments, but the investment per tonne of the final product is 30 per cent lower because of higher capacity *(see Table)*. Part of this advantage is offset by the higher inputcost since the gas-based process uses large quantity of iron pellets — which are costlier than iron ore lumps *(see Table)*.

Much of the production related problems of existing coal-based sponge iron plants in the country are attributed to the inconsistent quality of coal. The quality of Indian coal has always been a problem. "The quality of coal in India widely varies from mine to mine, pit to pit, shift to shift and even from hour to hour and sponge iron making is very, very sensitive to the quality of coal," says a steel technologist in Bombay. Natural gas on the other hand, is largely of consistent quality once it is de-sulphurised. "If the price is right, then gas is the best alternative for making sponge iron" remarks Dr. J.J. Irani, managing director, Tisco.

Another major advantage of the gas-based process is that sponge iron can be hot briquetted — a lump of 90x60x30 mm is formed while the sponge iron pellets are still hot. This is not possible in the coal-based process because the ash has to be separated by magnetic separation and the material becomes cold by the time the process is completed. In hot briquetted iron (HBI), the re-oxidation rate is much lower than in sponge iron. The integrated steel plants prefer it. Given the huge capacities of such plants, demand can be very large. Tisco, for example, used 300,000 tonnes of HBI last year which is expected to go up to 400,000 tonnes this year.

High transportation costs. But the gas-based plants face a major marketing problem. To find buyers for their necessarily large volumes of production they will have to reach out to far off markets. Transportation costs range between Rs.400 to Rs.600 per tonne and can be prohibitive for smaller consumers. Coal-based plants, with their smaller volumes can restrict themselves to nearby markets.

Worse, the gas-based plants will depend largely on Kudremukh Iron Ore Company near Mangalore for their requirement of pellets. Kudremukh, the only functioning pelletisation plant in the country, today has an accumulated loss of Rs.214 crores on a paid up capital of Rs.634 crores. The other two pellet plants in Goa have been closed for over three years, with no hope of a turnaround. Although Essar claims that Kudremukh has agreed to supply pellets at the international price, it could go back on its word. Ruia however, maintains, "If pellet prices are raised they will be reflected in steel prices, and the government will have to strike a balance," he says.

Coal vs Gas: comparison of cost of production

(Rupees per tonne of sponge iron)

	Coal-based plant of 150,000 tonnes	Gas-based plant of 880,000 tonnes
Project cost	112 crores	450 crores
Cost of investment	7,466	5113
A. Manufacturing cost of which	1352	1600
(i) Iron ore, pellets	380	760
(ii) Coal or gas and electricity	676	623
(iii) Other cost	296	217
B. Interest and depreciation	1500	1025
C. Total cost (A+B)	2852	2625

Note: (i) Interest and depreciation has been worked out @ 20 per cent on 100 per cent capacity utilisation.
(ii) In gas based pellet ore consumption ratio is 70:30.

body," says Ruia of Essar. His optimism stems perhaps from the fact that Tisco has shown an interest in lifting 400,000 tonnes of hot briquetted iron from Essar, nearly half of the company's total capacity. Similarly, BSIL will earmark 50,000 tonnes (a third of its production) for Modi Steel — a Modi group company. Sunflag plans to expand its steel making capacity, which will by and large take care of any enhanced sponge iron production.

The most important reason for the new found enthusiasm in sponge iron manufacture, perhaps, is the expectations of very high profits. Since sponge iron is a substitute material for metal scrap, its price closely follows the latter's. Scrap prices in the international market today have rocketed. The landed price in the country has moved up to Rs.4,000 a tonne from around Rs.3,000 a year ago. India imports 60 per cent of consumption, and the price rise is accentuated by the fact that import duty (25 per cent) is levied *ad valorem*.

Ruia: "lots of room for all"

Very attractive

The total cost (including interest and depreciation) of production of sponge iron in the new units is expected to be around Rs.2,700 a tonne, which means a huge margin. Even after adjusting for slightly lower yield for sponge iron and post-manufacturing expenses, the returns remain very attractive. BSIL, for example, expects a net return of 27 per cent on a turnover of Rs.80 crores in 1992-93, once the company reaches full capacity.

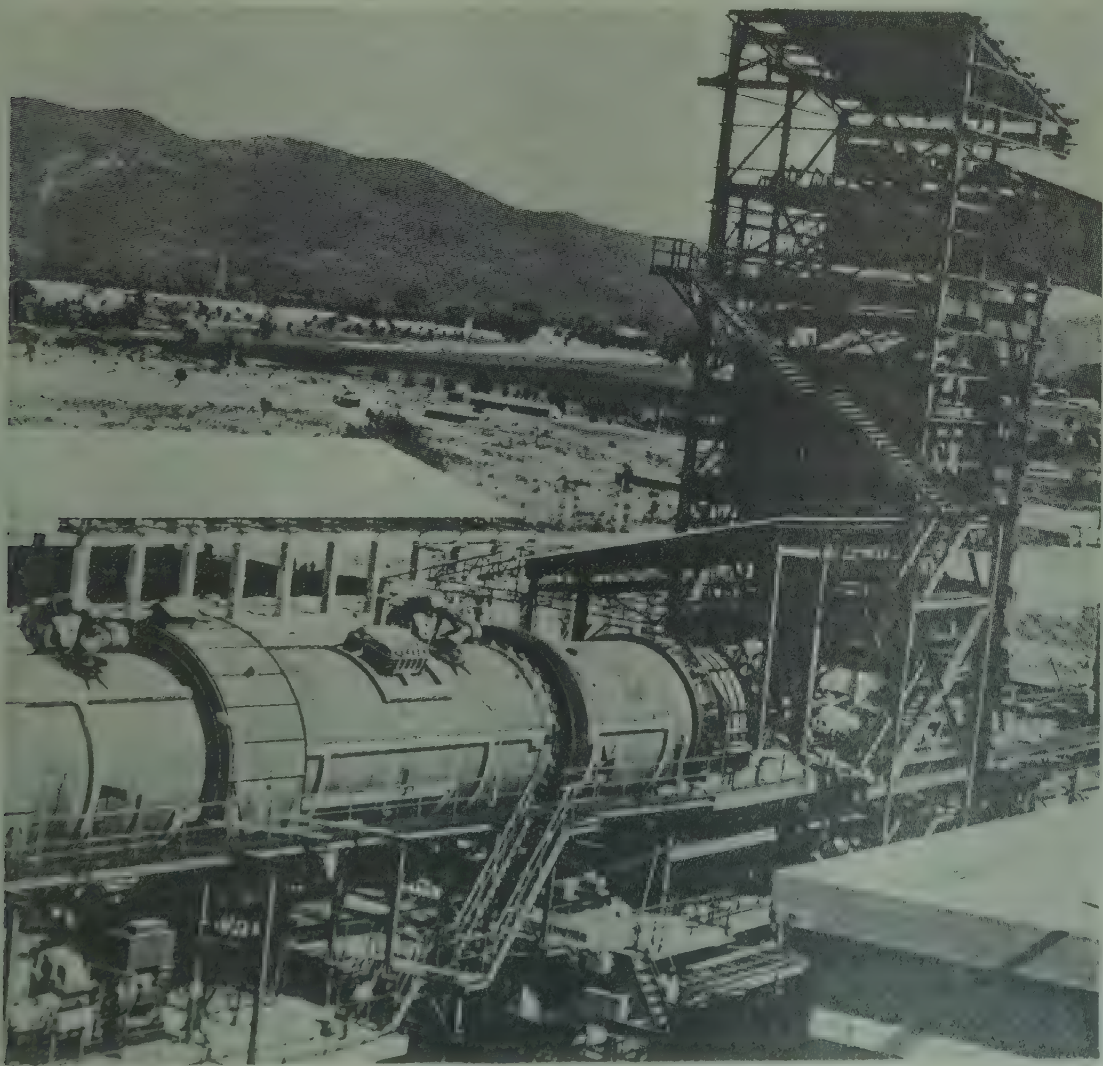
There are some who feel that it is too risky to invest so much in a product whose price depends entirely on scrap, which is waste material and has no basis for pricing. S.C. Maheshwari, managing director of Sunflag, for example, voices his doubt: "What is the guarantee that scrap prices will not fall? To me it does not make any business sense to put up a marchant plant for sponge iron which is an intermediate product." He feels that sponge iron plants should only be set up as captive units for steel, otherwise they are too vulnerable.

However, Pani of IDBI finds Maheshwari's sceptisisms baseless. "Scrap prices will never fall significantly, they might stagnate," he says. "How can prices fall when there is so much shortage?" asks Ruia. They have a point. Worldwide scrap generation has gone down considerably. The continuous casting process has ensured that there is virtually no scrap generation in large steel plants. Compact designing and increased use of plastics in cars have lowered the availability of automobile scrap in developed countries. And the US, largest supplier of scrap, is today using more scrap for its own steel as the weak dollar makes little sense to sell scrap and import steel. Moreover, even if one assumes a drastic fall in scrap prices, it is unlikely to effect sponge iron makers here. With a very adverse balance of payments situation, the government has to save every rupee of foreign exchange. Sponge iron manufacturers in the country will thus be protected against imports.

The government, is in fact encouraging the use of sponge iron for steel making. By a recent notification, it allowed the setting up of new steel units up to 150,000 tonnes for HR coil, provided 70 per cent of the raw material used is sponge iron. "More such liberalisation linked with sponge iron is expected to come," says Pani. He feels that such protection and care is necessary for a nascent industry. Larger production of sponge iron, many in the industry feel, may also lead to a new era of steel making with the emergence of more composite steel units.

All of which seems to indicate that the sponge iron industry is witnessing a second coming of sorts.

■ DILIP MAITRA



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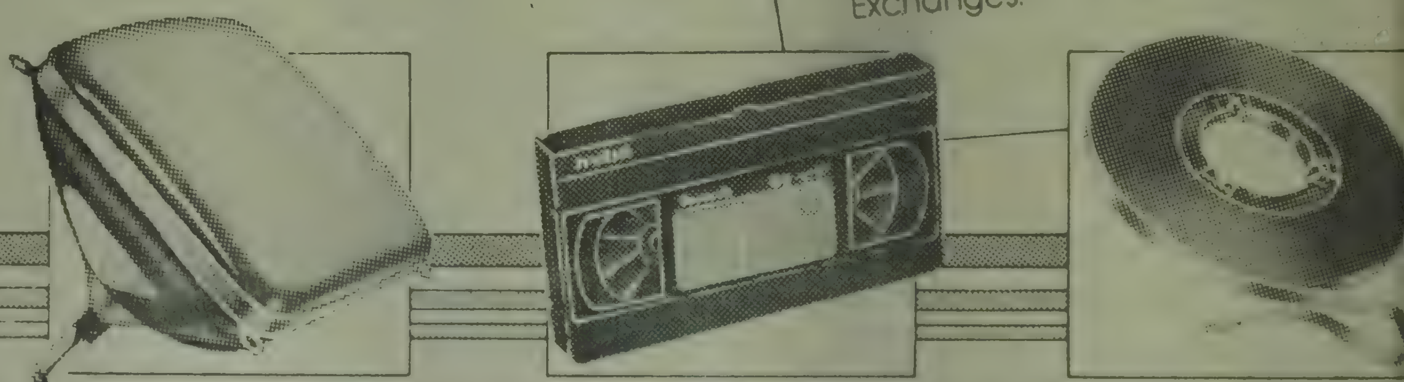

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ULTIMATE

OILSEEDS POLICY

In the right direction

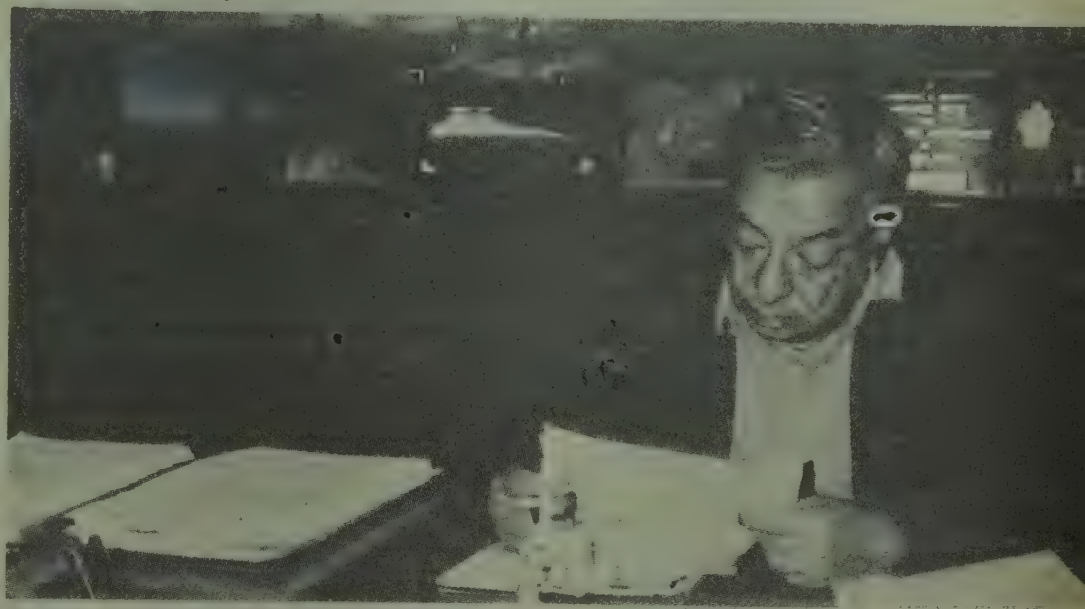
Opinion can hardly be divided on the fact that only fair prices can induce farmers to go in for the cultivation of any particular crop. As in other third world countries, consumers in India have long been subsidised at the cost of the farmers. The oilseeds policy announced by the government in the first week of this month is aimed at correcting this imbalance, albeit partially. The main plank of the new policy is to ensure that edible oil prices stay within a certain price band — such that the farmer gets a fair price in the peak season and the consumer does not suffer in the lean season.

This is to be achieved in the short run by cutting down on oil imports which had peaked at a 1.8 million tonnes (mt) in 1987-88. Thanks to the good monsoon in the same period, domestic oil production has also reached a record 15 mt. As a result of the excess supply, there has been a drastic fall in edible oil prices. This might have serious implications on the farmers' decisions on oilseed cultivation for the next year.

To correct this situation immediately and prevent distress sales by farmers, the National Dairy Development Board (NDDB) has been assigned the role of a market intervention agency. It will buy oil in the market to keep the prices from falling below Rs.20,000 a tonne (currently) and release this oil later so that prices do not shoot up beyond Rs.25,000 tonne.

Towards self-reliance

For the long run the technology mission on oilseeds set up in 1986 is slated to work towards better supply of inputs and technology to the farmers. The effort of the mission would be to increase both acreage and the yield from oilseed cultivation such that India can achieve self-sufficiency in oil and cut down on the mounting edible oil import bill (Rs.1,000 crores in 1987-88 alone). NDDB has also been asked to act as the catalyst for absorption of such inputs and technology by setting up oil co-operatives in the major oil producing states along the lines of the now famous 'Anand' milk co-operative. As in milk, NDDB will take the co-operative route to harness the best of production, processing and management technologies to accelerate self-reliance in oil.

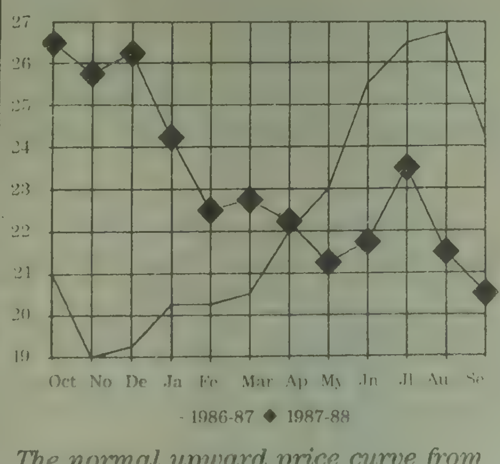


Kurien: "nobody talks of protecting the farmer"

With over 19 million hectares under oilseed cultivation, India has the largest area under oilseeds cultivation in the world. Even then, in the last decade it has been among the ten largest importers of vegetable oils and of late, the largest. Imports, which had reached a high of 1.6 million tonnes in 1983-84, had been on the decline due to higher domestic production till 1984-85. However, the successive droughts in major oilseed producing areas reversed this trend till imports peaked again in 1987-88.

Ironically, also saw a bumper kharif harvest of 8.4 million tonnes, an increase of 15 per cent over the previous best. The rabi crop is expected to yield 7.1 million tonnes or 30 per cent more than the previous record. The price band policy announcement of the government, which really should have come in early October if it were to stop the farmer from distress post-harvest sales has come only now.

Price of edible oils on Bombay market (Rs. '000/mt)



The normal upward price curve from the peak oil season from October onwards to the lean season from April onwards was completely reversed in 1987-88 thanks to the huge imports together with the bumber crop

"Pre-election gimmick"

For members of the oil trade and industry the policy is predictably unwelcome. Rashid S. Oomerbhoy of Ahmed Oomerbhoy (which has 75 per cent of the refined groundnut oil market with its 'Postman' brand), even denied the knowledge of any policy announcement. When questioned on the price band decision he dismissed it as a "pre-election gimmick to please farmers" which could never be implemented. "Only last year they were asking us to cut down prices for the consumers and today, because the government has to please the rural voters, we are being told to be fair to the farmers," says Oomerbhoy.

Members of the technology mission, however strongly deny that the oilseed policy is merely a pre-election sop for the farmer. For many of them, the announcement is a sign that the government has taken notice of certain deep-rooted unhealthy nexuses in the edible oil sector, which the mission has been pointing out ever since its inception, and a willingness on the part of the authorities to partially correct the distortions

"The country was spending huge sums of money on edible oil imports and the objective of the mission was to hammer out co-ordinated policies such that, instead of paying farmers of other countries we could get our farmers to produce oilseeds," says V. Kurien, chairman of NDDB. "The mission comprises the chief civil servant heads of every concerned ministry, so that efforts of one ministry are not at loggerheads with that of another," he explains.

This synergy of the ministries working together under the technology mission has culminated in the announcement of the policy. The main short term recommendation of the mission was to stop imports in a bumper year so that farmers do not suffer. "We have to pay Rs.25,000 for an airconditioner when we can import it from Japan for Rs.5,000 because we have to protect the domestic industry," says Kurien. "But when we dump cheap imported oil in the domestic market nobody talks of protecting the farmer".

Benefit of imports

That the oil trade and industry is reaping the benefits of imports is amply clear. Ahmed Oomerbhoy, for example, who is currently buying groundnut expeller oil at around Rs.18,000 a tonne, is not unduly worried about having to pay Rs.20,000 for it very soon. "I understand NDDB has been asked to buy up oil for which they will be given a line of credit of Rs.300 crores," says Oomerbhoy. "But how much can they buy for that? Not more than 150,000 lakh tonnes at Rs.20,000 a tonne. Will that be able to influence the market considering imports have been almost to the tune of 2 million tonnes?" he asks.

Many are convinced that the vested interests in the oil trade and industry have managed to get the commerce and civil supplies ministries to toe their line because the decision to cut imports was not taken in July-August 1988 when it was amply clear to all that bumper crop was on its way. "When the technology mission was pushing for a cut in imports around mid-1988, the commerce ministry reportedly wanted to wait till Diwali when the oil trade can make maximum profit by buying cheap and selling dear," says an NDDB official. "That the farmer might also have a Diwali was conveniently forgotten".

The nexus between members of the concerned ministries and that of trade and industry is also clear from the following facts.

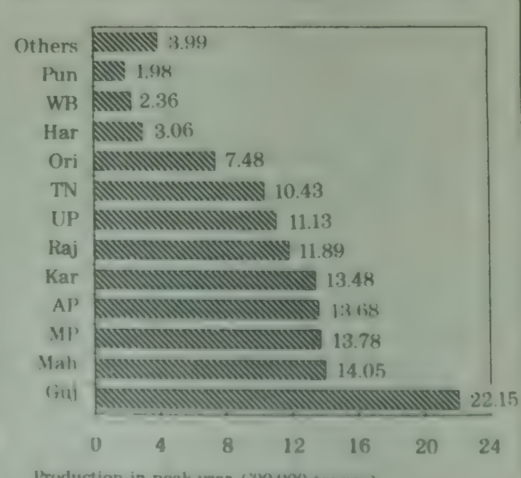
- The highest percentage share of imported oil went to states like Gujarat, Maharashtra and Tamil Nadu which are the largest producers of oil. "That this was done so that the trade can adulterate domestic oil with cheap imported oil can hardly be doubted," says N.M. Prusty who is in charge of NDDB's oil project.
- Despite repeated recommendations of the technology mission to sell the oil through the public distribution system (PDS) in small sealed packs, PDS oil continued to arrive (except in metropolises) in 200 kg barrels. When this cheap oil got diverted to the trade there was not even the hassle of emptying small packs and resealing.
- Releases of imported oil to the vanaspati industry continued at the subsidised rate of Rs.15,000 a tonne. Vanaspati being a ghee substitute and this is a rich man's fare — there could hardly be any justification for such subsidisation except for the formidable clout of the vanaspati lobby.

The new policy has, however, corrected the last anomaly partially. The price at which imported oil will be released to the vanaspati industry has now been increased to Rs.19,000 a tonne. "If the price band is not implemented, however, the vanaspati industry is unlikely to lift any imported oil," says Navin Shah, vice-chairman of the Bombay Oilseeds Exchange, "Since the prices of domestic oil currently stand at around Rs.18,000 a tonne."

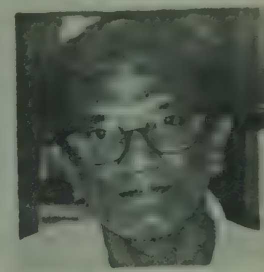
No capacity to hold production

What Shah perceives as a major beneficial aspect of the policy is the decision to restore the storage limits for edible oils and oilseeds, to those prevalent before September 1987 when restrictions were imposed. The prevailing storage allowance of 80 tonnes has now been raised to 160 tonnes. "The three year drought has completely broken the farmers' back. In this bumper crop year they have no capacity to hold on to their production. It was imperative to allow trade and industry to stock more," says Shah.

State-wise production of oilseeds during 1984-85



Oomerbhoy: no knowledge of any policy



Shah: the drought has broken the farmers' back

Besides the short term price policy to correct oil price distortions, the government has also chalked out a comprehensive long term policy to increase oilseed production. NDDB has undertaken an integrated oilseeds development project. It has already set up seven state level oilseeds growers' co-operative federations which have organised over 3,000 oilseed farmers' co-operative societies with 600,000 members holding nearly 1.3 million hectares of land. The societies provide seeds, fertilisers, storage facilities, etc, to their members. When the produce is harvested, the societies procure it at remunerative prices. Profits earned by the co-operatives through their sales are shared with the farmer members. NDDB has already invested over Rs.250 crores in developing co-operative infrastructure for production, procurement, processing and marketing. It proposes to cover an additional 1.2 million farmers with over 2.5 million hectares spread over nine states. The additional investment is expected to touch Rs.450 crores.

So far, the rate of growth of production of edible oilseeds of about 2 per cent per annum is only marginally lower than the rate of growth of population. However with the income elasticity of demand for edible oils of approximately 1.2, the demand for edible oils has been increasing at a rate of about 4.7 per cent per annum. Thus, imports are unlikely to stop in the near future. But the integrated oilseeds policy is a step in the right direction, insofar as it creates an environment for working towards an import-free market. ■

KEYA SARKAR

Under a flowering Raintree in Madra

Chapter I: For such a treasure trove of flavours, the Chettinad cuisine had a hard time coming into this world. Blame, if one may call it that, lies squarely on the shoulders of the Chettiars. A little-known South Indian community, they wandered through South-East Asian regions in search of fortune. In this pursuit, they were doubly blessed.

Chapter II: Home returned the Chettiars with more than just financial success. They had also culled a range of recipes from these countries and incorporated them into their daily regime. For decades, this delicious secret remained unknown, until The Taj, ever curious, caught a whiff of it.

Chapter III: At The Taj, (even if we say so ourselves) we do have a knack for things unusual. What better way to present the Chettinad cuisine than to build a new restaurant? So, after months of hammering and some more hammering, the Rain Tree restaurant took shape.

Chapter IV: Set in an open-air

, the Chettiars come into their own.

courtyard, The Rain Tree restaurant is built around a 100 year-old rain tree, which enthusiastically blossoms in the monsoons. As stars twinkle in the night sky, performers and musicians entertain the happy diners.

Chapter V: As for the food? Frankly speaking, how can one describe by words the tingly tastes of a Nandu Kara Kuzhambu or a Kari Melagu? Even a lyrical poem in homage to the delights of Kootu, Meen and Yera would be no match for the actual experience itself.

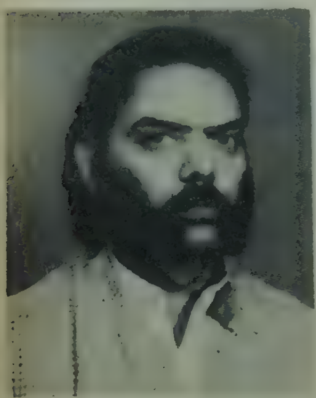
Chapter VI: How long, before the enterprising competition picks it up and calls it their own?

RAIN TREE
A garden restaurant serving Chettinad cuisine

Connemara Hotel
Madras

Great new things are happening at The Taj.

THE TAJ GROUP OF HOTELS



DINESH MOHAN

HEALTH RESEARCH

A slow awakening

Two conferences were held on occupational health a few weeks ago, one in Bombay and the other in Ahmedabad — the XII Asian conference on occupational health and the satellite symposium on occupational health in the unorganised sector (agriculture and cottage industries).

It was encouraging to note that Indians presented about 90 papers at the first conference and 25 at the second one. But unfortunately the private sector was conspicuous by its near absence.

At a time when criticising the public sector and the government is a fashion, the above statistics is a revelation. It clearly indicates that in India in the area of public health and safety, it is the government which is taking the initiative.

Research experience the world over indicates that many of the popular methods of promoting safety in fact do not achieve much. That is why scientific methods and studies have to be used for identifying the major causes of injuries and for establishing priorities for countermeasures.

Masks uncomfortable

For example if workers get lung diseases due to working in an industry-polluted environment, they are very often blamed for not wearing face masks. However, a well informed safety officer may not come to the same conclusion because it is now understood that it is difficult and very uncomfortable for workers to wear the masks in hot climates. It is also suspected that by covering the nose with a dirty face mask the carbon dioxide concentration might increase around the nose and the dust particles would collect around the mask, which could worsen the situation rather than help the worker. In such a situation the workers' behaviour can hardly be faulted.

Traditionally, a great deal of importance was given to the role of propaganda (posters, slogans, lectures) in promoting safety. But these methods have had almost no effect on the behaviour of workers anywhere in the world. The papers presented by most of the Indians at the conferences indicate that most of them are unfortunately not aware of these research findings.

Though more and more people are showing interest in occupational safety and health research, they are generally not aware of current theories and research findings. In fact, the age-old litany of worker illiteracy, inattention at work and non-use of safety devices as causes for occupational accidents is still in vogue. Many research studies (including some in India) reveal that literacy has little causal relationship with accidents and that occasional inattention is to be expected among even the most well trained and experienced workers. It would help if the latest information could be summarised for executives by an organisation like the National Safety Council.

Another area where improvement of our standards is pending is design and development of safer working methods. While most of our newspapers tend to describe the existing situation, it is a rare one which also details innovative methods of improving things, supported by scientific before-and-after studies. Very often the machines we use are exactly the same as those used abroad. But the man-machine relationships can be very different. For example, much more material handling is done manually here. As a result, the safety codes and practices which are successful abroad may fail here.

Industrial managers have to give more thought to devising new safety systems which do not involve too much manual operation. These devices and systems then have to be tried out and evaluated.

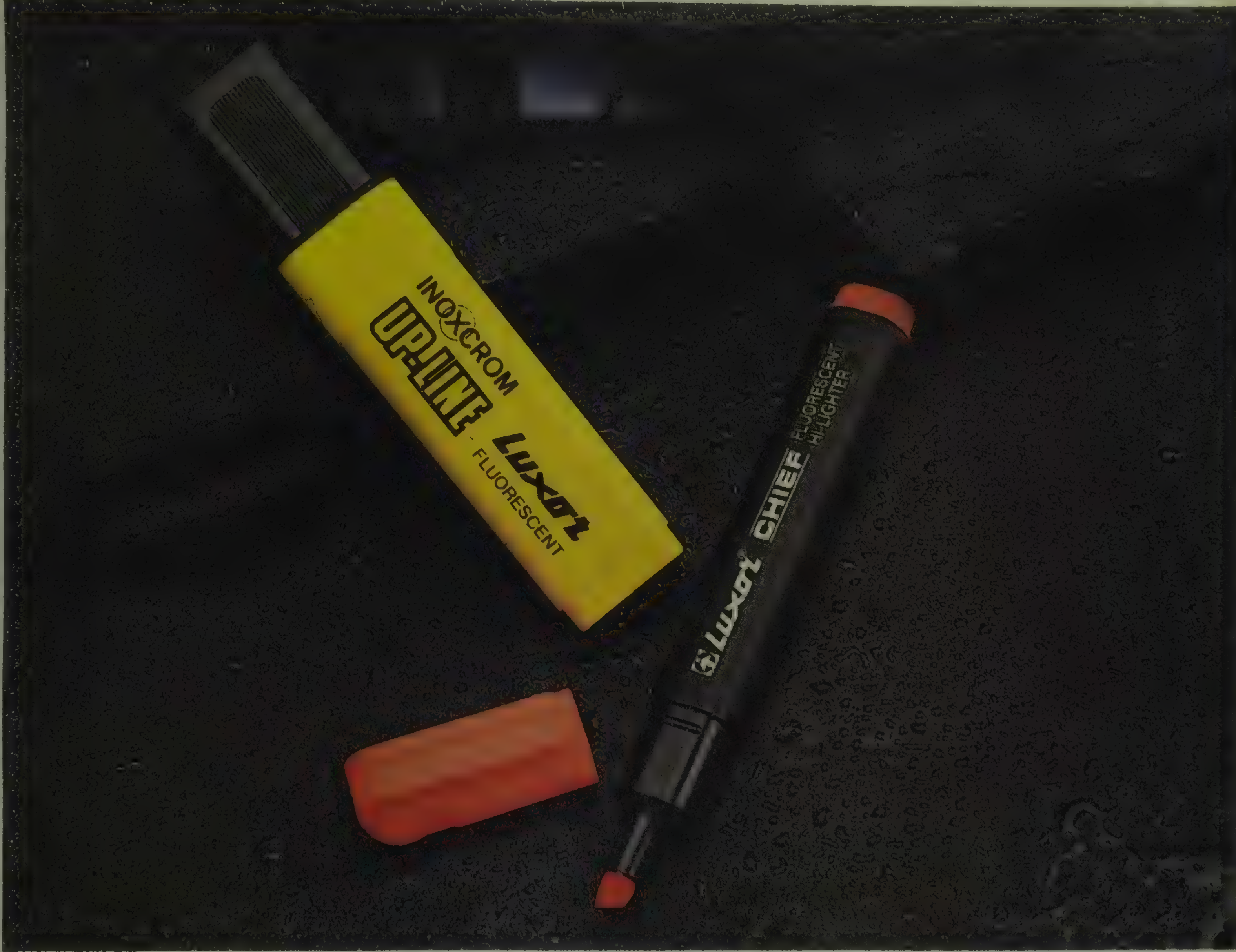
Work started

It appears that organisations like the National Institute of Design, the National Institute for Training in Industrial Engineering (NITIE), IITs and a few universities are slowly getting interested in safety and occupational health. In addition many voluntary organisations and workers' organisations have also started work in this field. This is very welcome as it is bound to promote better and more varied work. The only hitch is that many of these people, including the voluntary and academic institutions, cannot participate in some of these conferences as the National Safety Council routinely charges over Rs.1,000 as registration fees. If we want better debates and information sharing at meetings, the registration fees will have to come down. We have reached a stage where technology and machines are becoming more energy intensive (chemical, mechanical and radiation energy). Failure in mechanical systems results in some damage or the other immediately.

Very often these dangers are not self-evident. We have many people around the country interested in safety, and even the government has enacted important legislation. This is not going to produce safer working conditions in a hurry unless the private sector shows more initiative. Safety professionals have to be trained and paid better. Safer working conditions are very often more economic in the long run, promote better employer-employee relation and result in more happiness for more people. It is high time that senior management in the private sector does see safety as an activity which deserves more of their time, attention and financial investment.

The author is State Bank professor for biomedical engineering, Indian Institute of Technology, Delhi.

Choose the No.1



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CUSTOMER SERVICE

The absolute weapon

Management theories change. Lowest cost position, economies of scale, sticking close to the knitting, diversification, marketing strategies, theory X,Y,Z, corporate planning, dominant market share, quality circles — all of these, at one time or the other, seemed to be self evident truths and the only way to conduct business, but have now lost some of their shine and been replaced by newer theories. In the seemingly transient world of management fads, there is only one constant, the truth that defies any change — the customer. And serving him well by truly understanding and meeting his wants, is the only elixir of long term corporate survival.

An engineering company recently faced a problem with one of its suppliers. The company had inadvertently accepted delivery of a dimensionally inaccurate copper casting which cost a lakh of rupees. The supplier refused to take it back or even attempt to rectify it, saying that it was technically unfeasible. Left with little choice other than to scrap it, the company decided to try and fix it on its own. Quotations were invited for the copper electrodes needed for the rectification procedure.

Larsen & Toubro (L&T), which sells these electrodes, sent a sales engineer who studied the matter in great depth and suggested a totally different approach to solving the problem. He did not leave it at that — he went out of his way and paid visits to this customer thrice a week for a whole month to check and oversee the job, constantly offering suggestions and encouragement till the job was satisfactorily completed.

Total value of copper electrodes sold? — merely Rs.5,000. But what about the value of customer satisfaction given? Can it be quantified?

Core of marketing

Conventional wisdom would have decried this enormous investment in time and energy for so small a return. But it is precisely this that has made L&T into one of India's best engineering companies. It has understood that what the customer really needs is not just a quality product, but service.

This then is the core of marketing — "satisfying the customer's wants" rather than meeting their needs. Customer service is that part of the product offering which extends beyond the value for money concept — it is, in the customer's perception, a more than total satisfaction in the business transacted, an excellent business aftertaste, which not only makes him loyal to your product, but, perhaps, a promoter as well.

Ted Levitt, of Harvard Business School, widely acclaimed as an authority on marketing, observes in *The Marketing Imagination:* "All energies should be directed towards satisfying the customer, no matter what.... The purpose of business is to get and keep a customer, or, to use Peter Drucker's more demanding construction, to create and keep a customer.... To do that, you have to do those things that will make people want to do business with you. All other truths on this subject are merely derivative."

> There is no such thing as a commodity — all goods and services mean different things to different people. Though the usual presumption is that this is more true of consumer goods than of industrial goods and services, the opposite is the actual fact. Even products traded on commodity exchanges like rice, metals, oilseeds and the like can be differentiated, not on the basis of the generic product itself, but services offered

Marketing departments of companies are set up and structured to sell products that the plant produces, rather than getting the plant to produce what the customer wants. The limitations of the plant, whether couched in phrases like "production scheduling problems" or "uneconomical" or "technical problems" are all too easily accepted by marketing departments. Instead of shaping production to the will of the marketplace, marketing acquiesces in diluting the customer's real needs by not insisting upon what should be produced. Henry Ford was known to proclaim, "You can have any colour car you like, as long as it is black".

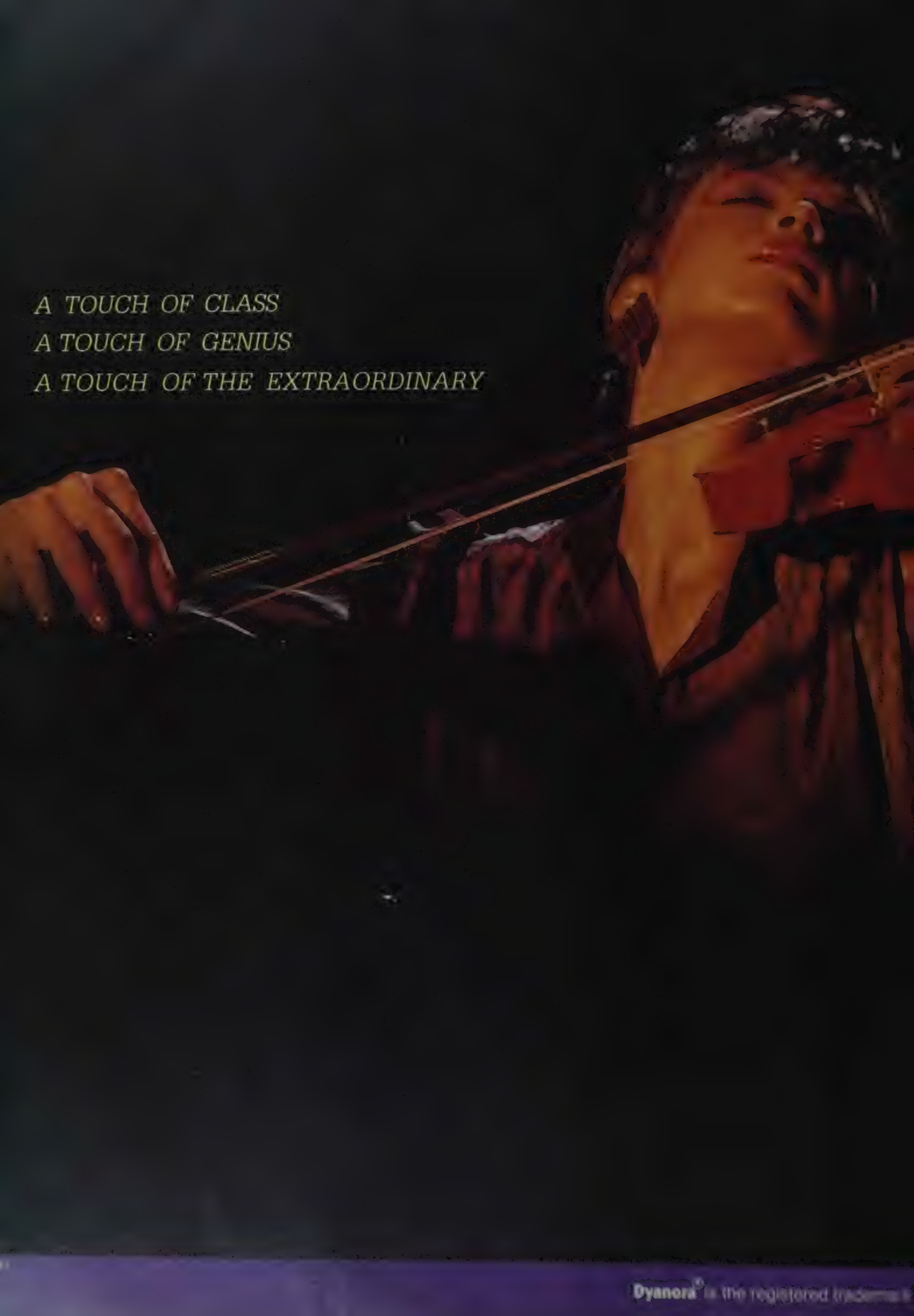
Made to order

Contrast that with the Japanese approach in the motorcycle industry, where they have dozens of models incorporating different product features tailored to specific segments. The classical theory of economies of scale through large production runs, has been replaced by highly flexible manufacturing systems permitting very short production runs. Driving this change is the unequivocal commitment to providing the customer with what he wants.

There is no such thing as a commodity — all goods and services mean different things to different people. Though the usual presumption is that this is more true of consumer goods than of industrial goods and services, the opposite is the actual fact. Even products traded on commodity exchanges like rice, metals, oilseeds and the like can be differentiated, not on the basis of the generic product itself, but the services offered, like quicker response time, handling of enquiries, billing procedures.

As services which go with the product depend to a great extent on the human factor, it is this critical intangible aspect which differentiates each product, even within the product. Two sales personnel, marketing the same product from the same company, will have different types of customer service. The human factor encompasses all business transactions — the stores that cares to remember the brand of soap you use; the hotel that ensures that you get the newspaper you like to read; the service engineer who ensures his customers preventive rather than responsive maintenance; a quality controller who rushes to salvage his customer's products in the event of a natural disaster; an equipment supplier who gives his customer a standby machine when his machine is being overhauled; a supplier who informs his customer of a prospective price increase. Anything that adds to the customer's convenience.

A study of the factors leading to the success of the great corporations of our times will reveal that it is seldom one single monumental advantage that has given it the edge. It is from a thousand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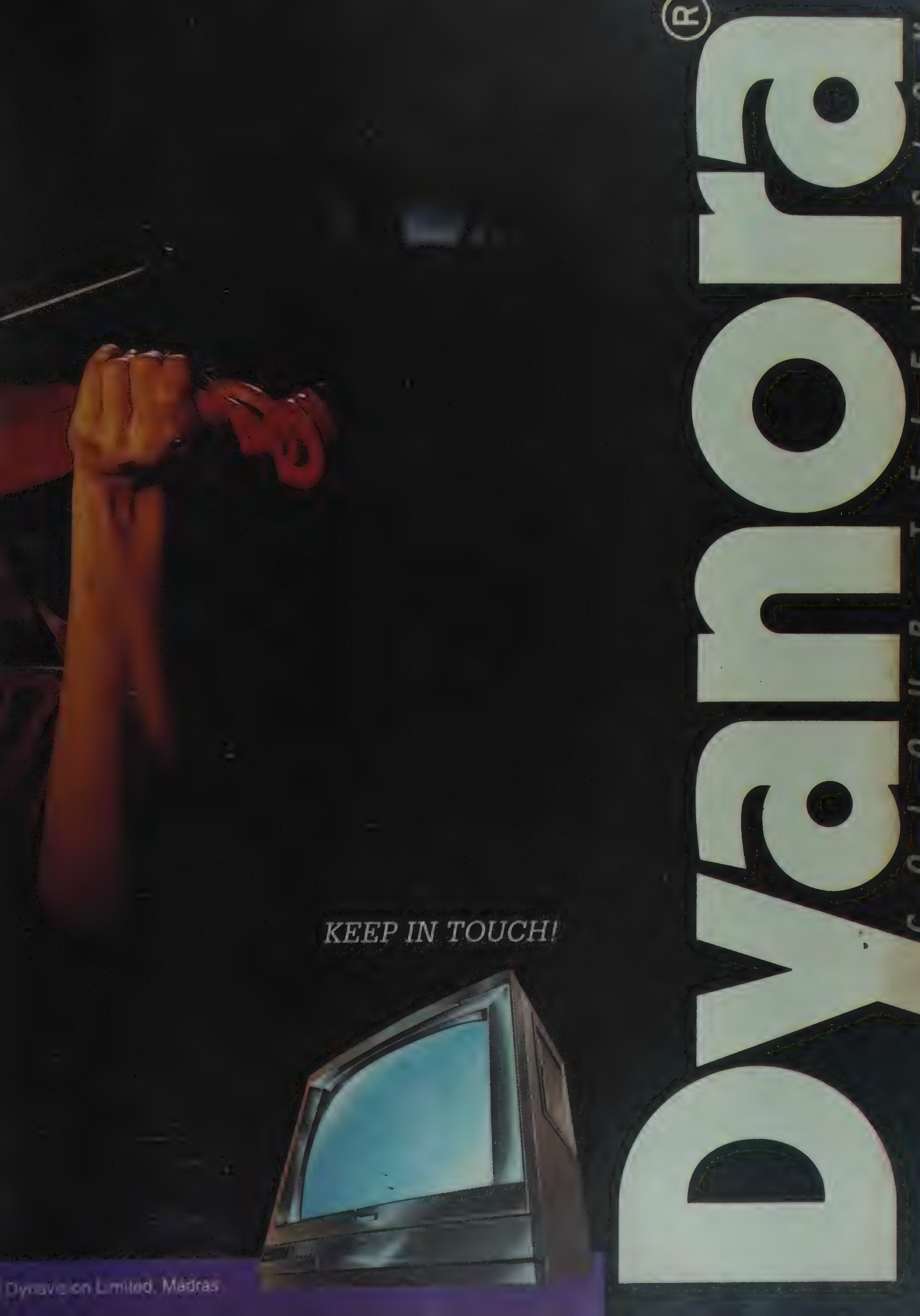
A TOUCH OF GENIUS
A TOUCH OF THE EXTRAORDINARY
Dyanora® is the registered


Dynora®
KEEP IN TOUCH!
Dynavision Limited, Madras

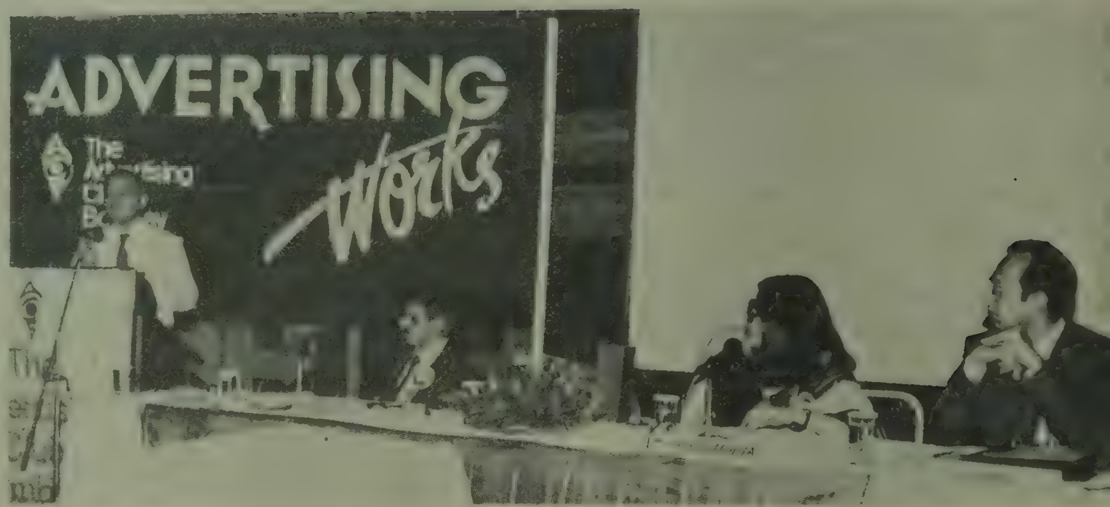
It pays to advertise!

The codfish lays 10,000 eggs, the homely hen just one;

The codfish never cackles to tell us what he's done;

And so we scorn the codfish, the homely hen we prize —

Which demonstrates to you and me that it pays to advertise!



Seminar in progress

There was more than mere cackle at the two-day seminar organised recently by The Advertising Club, Bombay. Assertively titled 'Advertising Works', the prime purpose of the seminar was to prove just that: to demonstrate through different case studies the impact, in measurable terms, of good advertising strategy. No less important was the secondary purpose: to set a precedent and to later document the data presented in a book.

In its attempt to get advertising agencies and clients to share their knowledge and experience, the seminar was indeed the first of its kind. Thus, understandably, it was an event much awaited by the Indian advertising fraternity. The concept was borrowed from the UK where the Institute of Practitioners of Advertising (IPA) has been organising a similar event every two years since 1980. (IPA's award-winning presentations are compiled in a volume edited by Stephen Knight.)

None of the 250 delegates in the packed audience were really looking for any prizes. Information on various methodologies and insight into the state-of-the-art is, perhaps, what they were seeking. Apart from advertising professionals, there was a fair sprinkling of representatives from the advertisers' side and the media.

Guest shot

Significantly, it was a major advertiser, Gurcharan Das, president and managing director of Procter & Gamble (P&G), who metaphorically speaking, cut the ribbon. The only purpose for which advertising exists, according to Das, is to sell the product, which is merely the gross symbol of a benefit that consumers covet. Therefore, "good advertising focuses relentlessly on this single, clear benefit"

As a spokesman from across the fence, Das urged advertising agencies to get in touch with reality and develop an 'Ahmedabad mentality' — a term which implies understanding the needs of the average, small-town consumer rather than the big city buyer. In his conclusion, Das circumscribed the role of advertising by stating that in the ultimate analysis "product superiority is more important" and that even great advertising cannot salvage an inferior product. With Das having thrown the gauntlet, the seminar began on a challenging note.

According to Sam Balsara, chairman of the Ad Club's Seminar and Workshop Committe, out of the 43 case studies sent in by 16 agencies, 10 had been chosen by a seven-member panel of selectors.

Mixed bag

The chosen entries comprised a mixed bag of products. From foods (Rasna, Campco chocolates, Venky's chicken, Milkmaid) to financial instruments (JK NC debentures), the range encompassed high-profile old-time advertisers like Garden and VST and relatively new advertisers like Maruti Omni and Andhra-Jyoti. Four of the ten presentations were repositioning strategies which sent the product sales graphs shooting upwards, (Maruti, Andhra-Jyoti, Milkmaid, Rasna); the balance comprised product launches. In the latter case, it is difficult to isolate the effect of advertising from other elements in the marketing mix.

The presentation teams had representatives from both the agency and the client company. The notable exceptions to this being the Milkmaid and Garden presentations which were 'one-sided' affairs. Despite the Ad Club having vetted the presentation format, there were oddities like Campco chocolates and Garden whose presentations were largely unexciting. Evidently, a thorough screening and more rigorous selection criteria need to be adopted. Also, significant spenders (like Hindustan Lever, Cadbury's and P&G) and certain major agencies (like Trikaya Grey, Lintas, OBM, Sistas) did not make any presentations. This phenomenon has a nexus with the fact that clients are generally reluctant to part with information. Obviously ad agencies need to persuade clients to adopt a more open approach. Each presentation was followed by a question and answer session, all of which saw keen participation.

The four cases highlighted here are the most convincing examples of how advertising has worked in the marketplace.

Sales go vroom...

Automobile advertising is scarce in India and car manufacturers, until recently, did not perceive any need at all to advertise. In Maruti Omni's case, the need arose urgently and unexpectedly when, in 1986, sales began slipping. Cancellations crept up and by end-1987 the van's market share had dropped from 23 to 19 per cent. Dealer confidence hit the dumps and propelled Maruti to call in Hindustan Thompson Associates (HTA).

The agency initially undertook a survey on van owners, intendors and cancellers. It was found that the vehicle's image as a surrogate, more spacious Maruti car, used for deliveries connoted a lack of status and respectability. The advertising objectives became clear: to enhance the image, develop a distinct identity and

promote usage of the van as a personal car.

'Spaciousness' emerged as the clear discriminator. Instead of slotting it as a high utility vehicle, which would have limited the market, the van was advertised as a family car. Branded 'Omni' — the most spacious car on the road, the van's selling hook was "travel in space".

Sales volumes have increased 15.8 per cent upto December 1988 contributing an additional Rs.50 crores to revenue, the cancellation rate has slowed down to 2 per cent from 8 per cent. The growth forecast is 24.5 per cent upto March 1989 and sales of 41,000 vans. By 1990 sales should vroom to 55,000. The Omni's competitive edge has been firmly established.

The big sip

Pioma Industries' marketing effort for Rasna is exceptional. Today Rasna is a megabrand in the soft drink concentrates segment with virtually no competition. In 1987 Indian consumers drank 793 million glasses of Rasna, accounting for sales of 25 million packs worth Rs.19 crores.

In 1983 Mudra Communications, was approached to revitalise the advertising. Pre-launch research revealed that the target should be not just the decision maker (the housewife) but also the influencer (the child). A media expenditure of Rs.20 lakhs (which was a hefty 25 per cent of 1982 sales) resulted in a sales increase of 80 per cent to Rs.1.44 crores. The next year in 1984, taste and economy remained the main selling propositions to which was added the ingredient of ease in preparation. Media coverage extended to TV which took up half the budget and children were included in the act. Sales jumped to Rs.3.18 crores and market share to 17 per cent, at the cost of squashes and syrups. Brand awareness, ad recall and usership were at comfortably high levels despite a 25 per cent price increase. In 1985, the launch of Mango Ripe, the new flavour at a cost of Rs.18 lakhs, of which 30 per cent was earmarked for TV, was another coup. By 1986 2.2 million packs of Mango Ripe had been lifted off the shelves.

The age of Charms

The advertising campaign for Charms cigarettes created smoke signals that are generally interpreted as an excellent example of lifestyle advertising. In 1982, VST's key problems were declining sales and its image of a one brand company making a cheap, strong cigarette, (Charminar). There was a distinct need to develop a new brand. It was 'gut feel' (a rather risky measure) and not pre-launch research that decided VST's brand strategy. The product would be a filter/king Virginia tobacco cigarette priced at 20p per stick, the prime task of Enterprise Advertising, the agency involved being to identify the position.

Cigarette ads in those days portrayed the typical smoker as socially successful exuding a macho-ness. Brand differentiation could only be achieved by a fresh approach. The 'image' constructed was that of the urban non-conformist, with a casual lifestyle. This 'pedigree' was represented by the denim pack and potrayed in the ad.

Within a month from its launch in Bangalore the "Charms is the spirit of freedom" campaign had generated brand awareness of 49 per cent and a trial level of 25 per cent. In subsequent months five more cities got hooked on to Charms and a year later, in January 1984, the cigarette went national. Proof that the spirit of freedom was not just a puff of smoke was evidenced in VST's increased market share — 25 per cent — in the filter segment and reduced dependence on Charminar.

A mixed bag of products

Recipe for success

The Milkmaid case, presented by Tara Sinha Associates (TSA), was a classic example of advertising doing "wonders with" an established yet dormant product suffering from static sales. The single minded repositioning strategy was to switch housewives' perceptions of milkmaid, from an expensive, messy, milk substitute to a necessary culinary ingredient. To demonstrate the multifold uses — "you can do wonders with Milkmaid" — a variety of recipes were incorporated on the label and press ads urged housewives to write in for free recipe booklets.

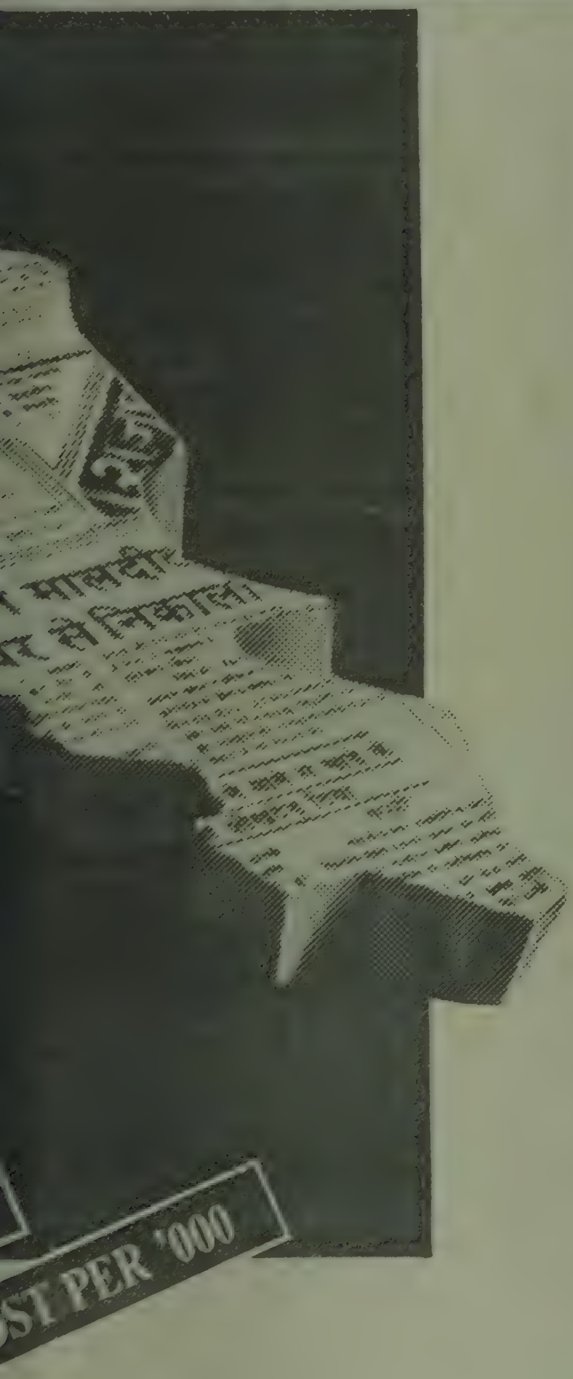
The sales barometer showed increases of 23 per cent in 1984 and 37 per cent in 1985. Over the next two years, research was used to fine-tune the focus, distribution was expanded and TV added to the media mix to get in-home family exposure and appetite appeal. Today Milkmaid's prime usage — 93 per cent — is as a desert ingredient rather than just as a topping or whitener. And, more important sales volumes have doubled in the past five years.

In his summing up of the proceedings, Sushil Bahl, vice-president of The Advertising Club, underlined the fact that advertising which does not propel consumers to a purchase decision is a waste. In this context, Bahl quoted Simon Broadbent, vice-chairman of Leo Burnett, UK, "In the advertising business we all know that the ultimate test of any ad campaign is in the sales results to which it contributes. Sadly this hard task is not always acknowledged outside the agency world where the accountability of advertising is held in some doubt."

Having now publicly acknowledged their accountability, Indian ad practitioners have initiated their first action towards dispelling such doubts.

■ NAAZNEEN KARMALI

MINANCE



With the launch of Raipur Edition, Bhaskar today is the highest circulated newspaper covering the entire state of Madhya Pradesh...

Bhopal, Indore, Gwalior, Jhansi and now Raipur. Total coverage, highest circulation & readership, lowest CPT—what more as a media planner are you looking for?

Yes, throwing modesty to the wind, we proudly claim to be number one, because thats the way it is.

Today Bhaskar leads in all departments of the game:

- Readership in lakhs — Bhaskar, 17.52; Nava Bharat, 12.90 and Nai Duniya, 10.59.
- Circulation in lakhs — Bhaskar, 1.49, Nava Bharat, 1.33 and Nai Duniya, 1.30.
- Cost per thousand — Bhaskar, 4.32 p, Nava Bharat 5.11 p and Nai Duniya, 8.18 p.
- Readership Profile — the highest number of professionals and self employed who form the bulk of the purchasing power.

All figures from NRS III and ABC

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• Bhopal • Indore • Raipur • Gwalior•

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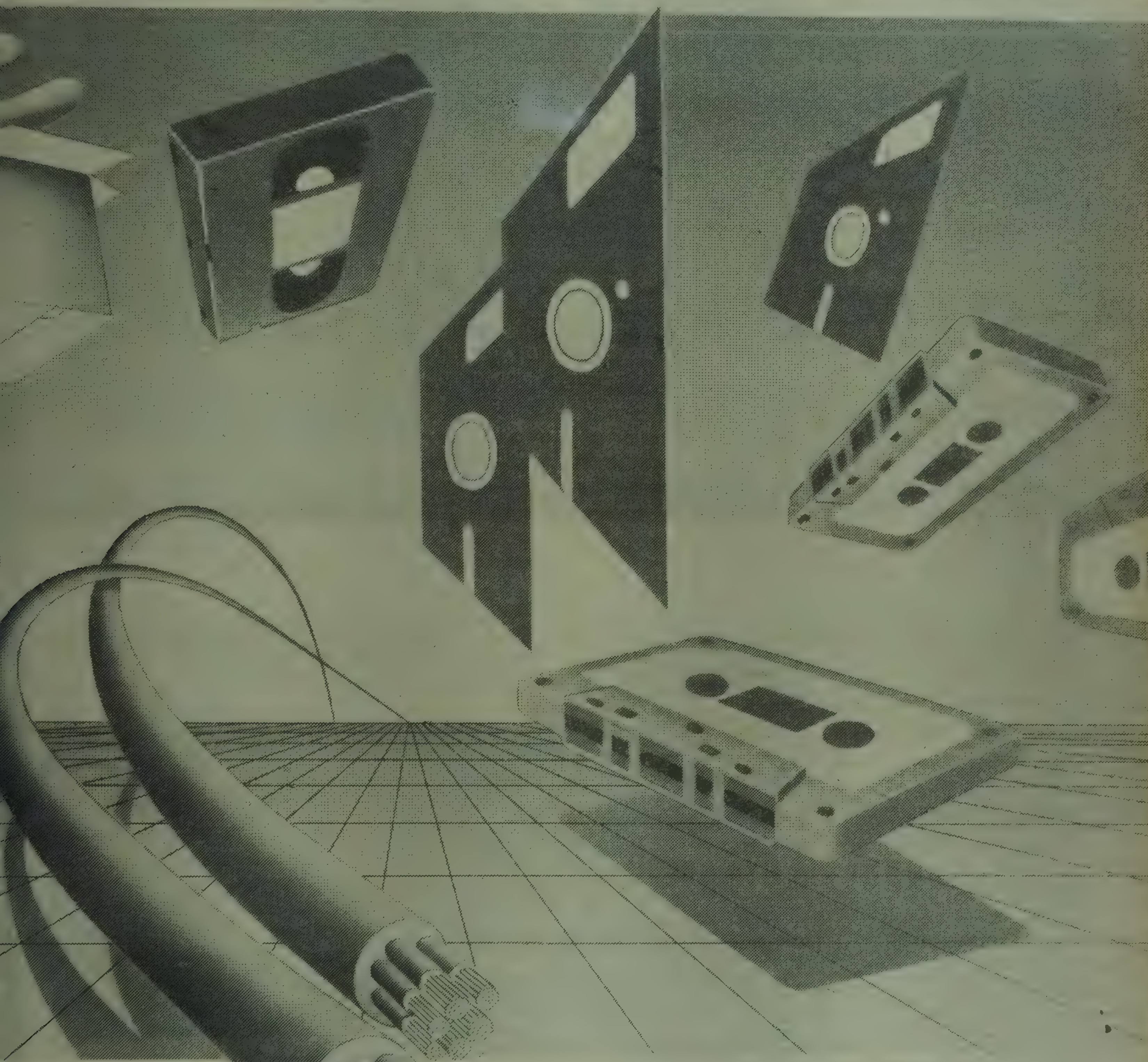

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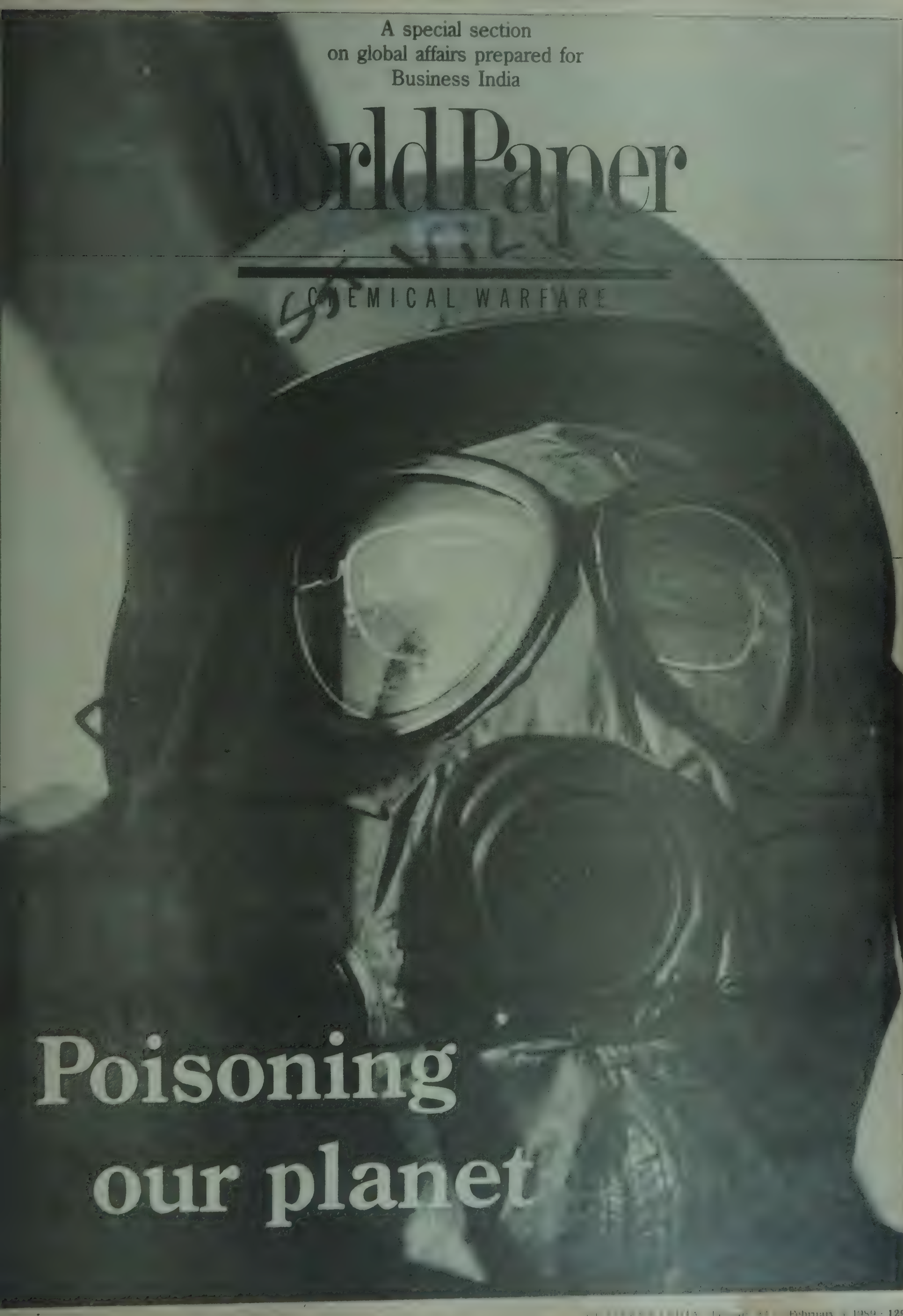
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CHEMICAL WARFARE
Poisoning
our planet

Toxic waste drums dumped in Nigeria came from such bulk carriers.

AP/WIDEWORLD

Poisoning our planet

Growing use of pesticides, other chemicals takes huge toll

BY DAVID WEIR AND WILLIAM KISTNER

ONLY AS NEARLY eight years of fighting came to an end did three countries that maintain huge stocks of chemical weapons—the United States, the Soviet Union and France—strongly criticize the use of poison gas in the Iran-Iraq war. But another form of deadly chemical warfare—poisoning by the dangerous chemicals used in every day life—rages without restraint around the globe.

Fueling this war is the worldwide trade in dangerous pesticides, industrial chemicals and hazardous wastes, especially in Third World countries. Participants in the booming trade include multinational chemical companies that sell restricted or banned pesticides to untrained Third World farmers; export brokers who offer toxic chemical wastes to debt-ridden countries as a way to generate foreign currency; and the makers of chlorofluorocarbons (CFCs), used widely in such products as cleaning solvents and aerosol propellants and blamed by scientists for eating holes in the planet's ozone shield.

Hazardous pesticides shipped from industrial countries to Third World producers of such items as cotton, coffee and fruit become part of a "circle of poison." When these crops are shipped back to developed countries, consumers are exposed to residues of pesticides their own governments may have banned as dangerous to human health.

As disposal costs rise in industrial countries, Third World countries, some seeking the trade because they need the money and others resisting it, have become target destinations for the waste of developed countries. Greenpeace, the environmental watchdog, reports the vessel Khian Sea, carrying 15,000 tons of hazardous incinerator ash, sailed from the US city of Philadelphia in August 1986 but failed to find a dumpsite until it dropped 3,000 tons in Haiti last January. The organization reported the vessel's name was changed to Felicia after a Yugoslav overhaul this summer and was last seen Sept. 28 in the Suez Canal, reportedly heading for the Philippines—still hauling the ash.

The human toll of the toxic trade is high, although no one really knows how high. After a US scientist studied data back to 1972, the World Health Organization in 1986 estimated that each year from 834,000 to 1.5 million get sick and from 3,000 to 28,000 die only from accidental pesticide poisoning.

Fourteen years before, a WHO committee on insecticides had estimated 500,000 were sickened and at least 5,000 died.

Among the other victims of this chemical warfare: the more than 2,900 killed and the 20,000 injured in the world's worst industrial accident when a deadly cloud of methyl-isocyanate gas leaked from the Union Carbide pesticide plant in Bhopal, India.

Although their plight excited worldwide attention, four years after the Dec. 3, 1984 disaster, survivors and their families have received virtually no relief—and news of accidents grows more common as more and more chemical plants operate in the Third World.

India, along with China and Mexico, has become a major Third World producer and exporter of chlorinate hydrocarbons, such as DDT, pesticides that have been virtually banned or severely restricted in the West. India's total chemical exports rose to $300 million from $20 million between 1967-82.

When the Montrose Chemical Corp. dismantled the last DDT plant in the United States in California in 1983, the plant was shipped to Indonesia where a joint Indonesian-US venture reassembled it under the name Mantrose. Indo-

David Weir, author of *The Bhopal Snydrome* [illegible] *of Poison* and William [illegible] Center of Investigative [illegible]

nesia's chemical exports rose to $200 million from $60 million between 1982-85.

Most pesticides come from the West. Bayer AG of West Germany, Rhône-Poulenc of France, purchasers of Union Carbide's agricultural products business, and Monsanto of the United States are the world's major suppliers of pesticides, a trade estimated last year at US$18 billion, up from $2 billion in 1972. Although pesticides are credited with greater crop yields, the emergence of resistant pest strains has meant a worldwide crop loss estimated at about 33 percent—about the same as 40 years ago.

"One of the emerging problems is trade among developing countries in chemicals that are hazardous and of questionable utility," warns Richard Wiles of the US National Academy of Science's Board on Agriculture.

Despite the vagueness of casualty figures, the Conservation Foundation estimates that developing countries, which use only about 25 percent of the world's pesticides, account for half the poisonings and at least 75 percent of the deaths associated with agrochemical use.

Industry leaders claim many reports of death and illness are exaggerated. But they admit improvements are needed to better educate and train workers who handle dangerous chemicals.

"We're moving in the right direction of reducing the number of poisonings," says Jack Early, president of the National Agricultural Chemicals Association (NACA) in Washington D.C. "Developing countries are willing to invest money and resources to adopt better regulations and buy newer and safer products."

Early says that multinational manufacturers comply with a voluntary code of conduct from the United Nations Food and Agricultural Organization (FAO) to promote the safe distribution and sale of pesticides. The code urges producers to ensure consumers use pesticides properly and provides for recalls and sales bans when safety cannot be assured.

"We subscribe to and comply with the code," says Jim Enyart, director of international government affairs for Monsanto, the largest US pesticide manufacturer. "But putting the code into effect on a worldwide basis is not easy. We still are picking up some glitches."

The Nairobi-based Environment Liaison Centre has found serious code violations, including mislabeling of chemicals, false advertising and poor training techniques in all 13 developing countries it surveyed.

Industry projections that global pesticide consumption will continue to grow over the next several decades, especially in the Third World, tend to feed environmentalists' fears. Production of agrochemicals in developing countries alone is expected to double or even triple by the mid-1990's, meaning trouble for countries lacking adequate health and safety controls.

As the worldwide demand for chemicals grows, so will the number of manufacturing plants and the Bhopal-like risks they represent. India already has 4,000 chemical factories. Since the Bhopal disaster, multinational companies have come under increasing pressure to improve manufacturing safeguards in the Third World.

"If foreign standards don't meet our own safety standards at home, we go somewhere else," says Monsanto's Enyart.

Environmental critics say that kind of corporate attitude is still an exception, not the rule. In Brazil, Egypt and Taiwan, chemical plants operate close to shantytowns similar to those at Bhopal.

"I have seen some plants myself that would not be acceptable in our part of the world," says Jan Huismans of the United Nations Environmental Program.

With the additional risk of hazardous waste in the already booming trade in agrochemicals reaching the Third World, the spectre rises of a new "circle of poison" not only haunting consumers in the Northern hemisphere but killing more in the Southern hemisphere.♦

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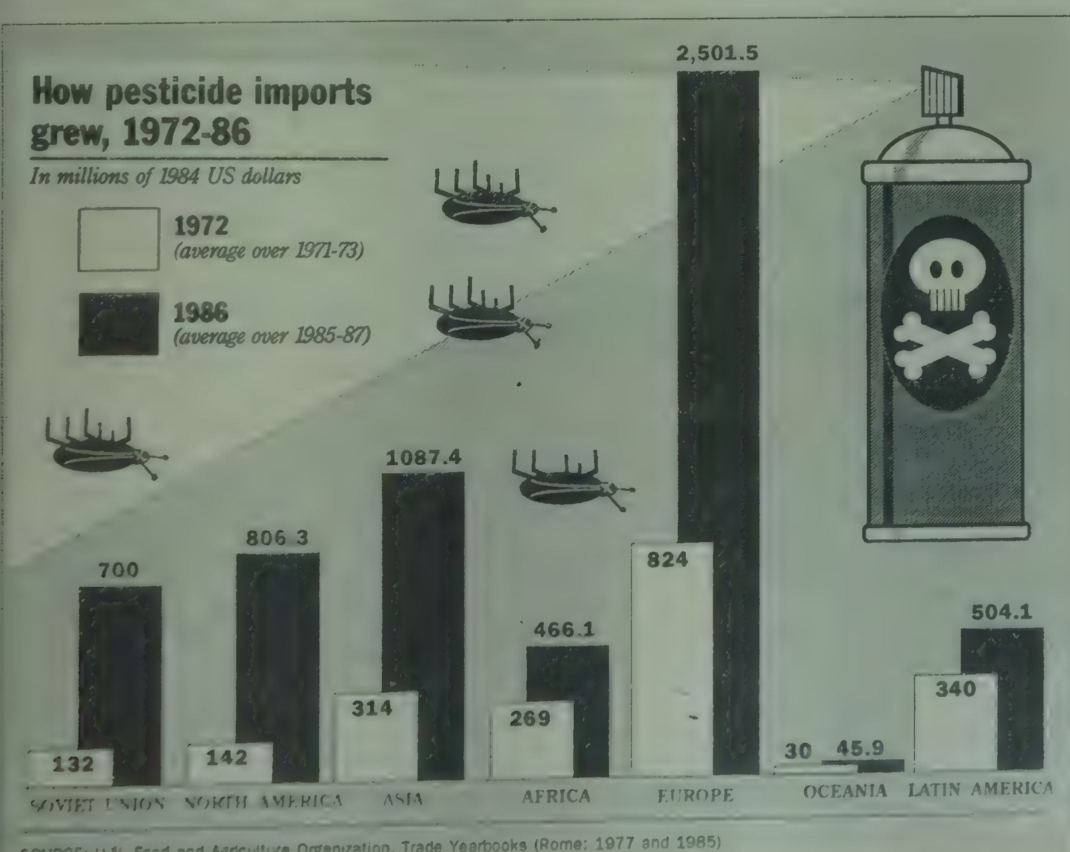
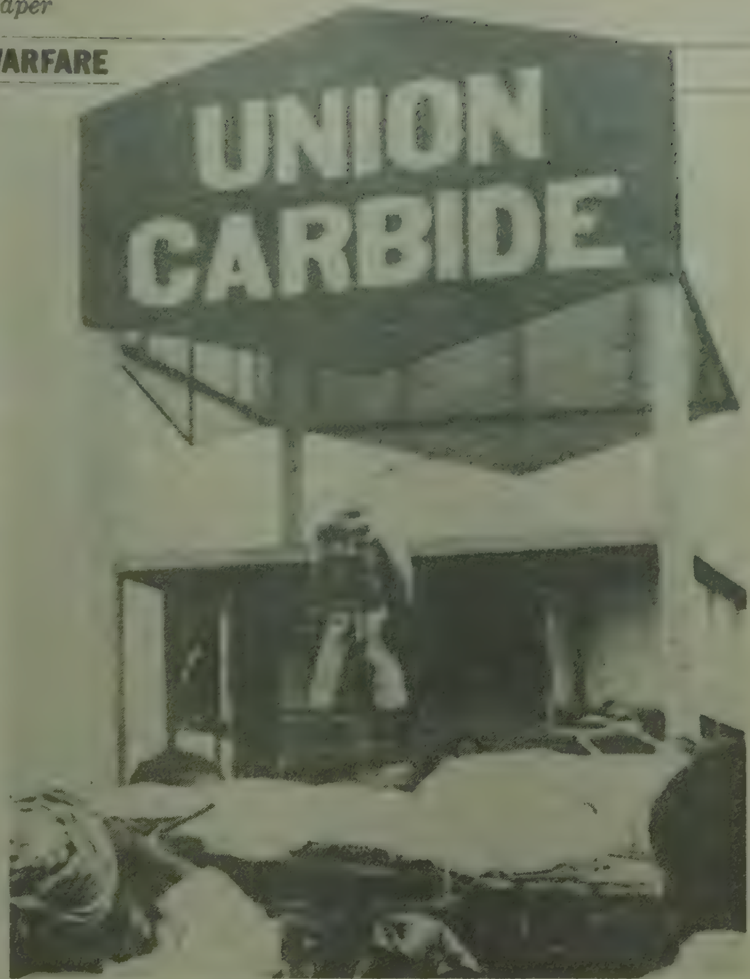


CHEMICAL WARFARE

Help scarce for Bhopal 4 years later

Compensation in court jam

BY ARUN CHACKO
in Bhopal, India



AP/WIDEWORLD

Even protests carry little weight.

ZUBEIDA BEGUM, 30, the mother of four children, is one of an estimated 20,000 who survived Dec. 3, 1984, when methyl-isocyanate (MIC) leaked from Bhopal's Union Carbide plant.

She was lucky. A total of 2,998 residents of the shanties surrounding the plant died in history's worst industrial accident, according to an official estimate.

Four years later, she says she is unable to carry out her household chores, much less look after her four children.

"I have only received 1,500 rupees in compensation so far," she said, complaining about an amount less than US$100. "I do not have enough money for medicine. When I go to the hospital, the doctor treats me like an outcaste I would rather die than suffer the humiliation."

Four years after the disaster, little has been done for the survivors. The compensation case has yet to come to trial. The pipeline to court action is choked with 560,000 claims. Five different Indian judges have presided over the compensation case, including one who turned out to be a secret plaintiff. The hoped-for help is further away than ever.

The plant hasn't operated since the disaster. The government's Central Bureau of Investigation reportedly wants all material to remain on the premises to serve as evidence in the prosecution case claiming criminal negligence.

Union Carbide, the US firm that is a 50.9 percent stockholder (the government owned 26 percent) in Union Carbide India, has paid nothing in compensation and about $4 million in interim assistance in four years. Only recently did the government of Madhya Pradesh, the state where the plant is located, admit to continuing fatalities. Earlier, the government had insisted they were from tuberculosis.

Muztari Bi of Qazi Camp here said her husband's health deteriorated from the night of the leak. But the government listed his cause of death in 1987 as TB rather than gas-related. That meant the family had no claim to compensation. She said the two of her eight children, Irfan, 15, and Aijaz, 13, supported the family with the $2 they earn daily as laborers.

"They also suffer from breathlessness," she said, "but they are not as sick as the two older children who the doctors say also have TB."

"The MP government's apathy toward victims has been demonstrated so often in the last four years that any further evidence of it provokes only resignation and a feeling of depressing *deja vu*," editorialized Bombay's respected *Indian Post* newspaper.

The provincial government is the victims' exclusive representative under a 1985 law ostensibly enacted to protect victims from rapacious US lawyers. Until late September, less than half the 560,000 compensation cases filed with the government had been documented.

Arjun Singh, MP chief minister, announced in April a seven-year, $250 million action plan for the victims. The program included $100 million for medical rehabilitation, $60 million for environmental rehabilitation and $15 million for a disaster management institute, scientific studies and a memorial. Each dead victim's next of kin would receive $700.

Bhopal's people were not impressed. They have watched other plans come and go without implementation.

Delaying matters was a mid-October order of the Madhya Pradesh High Court allowing a Union Carbide petition seeking transfer of the $3 billion compensation case from the court of Bhopal Distrct Judge M. W. Deo.

Judge Deo had directed Union Carbide to pay interim compensation worth roughly $270 million. Carbide's counsel argued the order clearly showed a prejudgment of the issues. The high court transferred the civil suit to another judge's court.

Other than semi-solid chlorosulphate sludge still in the plant's tanks, the company insists it no longer stocks any toxic or dangerous material, despite persistent rumors to the contrary. Corrosion of pipes and fittings keep the plant dangerous.

A senior technician trying to remove sulfuric acid to dilute and dispose down a drain in August wrenched a jammed valve. The pipe broke. Splashing acid destroyed his left eye.

"Yet," the *Indian Post* reported, "both the Central Bureau of Investigation, which took over the plant soon after disaster, and the MP government stated in 1986 that there was no stock of toxic chemicals in the plant. This lie was repeated as late as July of this year by the government expert called in to trace the cause of the fumes suddenly spewing from the plant. It is no coincidence this very same expert declared that methyl-isocyanate is a harmless chemical even as thousands of Bhopal residents were dying from its effects."

Arun Chacko is *WorldPaper* associate editor for South Asia.

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- Association of Management Training Institutions in Eastern and Southern Africa (AMTIESA), c/o ESAMI, PO Box 3030, Njiro Hill, Arusha (Tanzania), Telex: 42076
- Association des Institutions de Formation au Management en Afrique (AIMAF), c/o CIGE, 07 B.P. 322, Abidjan 07 (Ivory Coast), Telex: 42359
- West African Management Development Network (WAMDEVIN), c/o ASCON, PMB 1004, Topo-Badagry, Lagos (Nigeria), Telegram: ASCON BADAGRY
- Association of Deans of Southeast Asian Graduate Schools of Management (ADSGM), c/o AIM, MCC P.O.B. 898, Makati, Metro Manila (Philippines), Telex: 63778
- Association of Management Development Institutions in South Asia (AMDIESA), c/o ASCI, Bella Vista, Hyderabad 500 049 (India), Telex: 0155-6390
- European Federation for Management Development (EFMD), c/o EFMD, International Association Centre, Rue Washington 40, B-1050 Brussels, Belgium, Tel: 02-648-0385

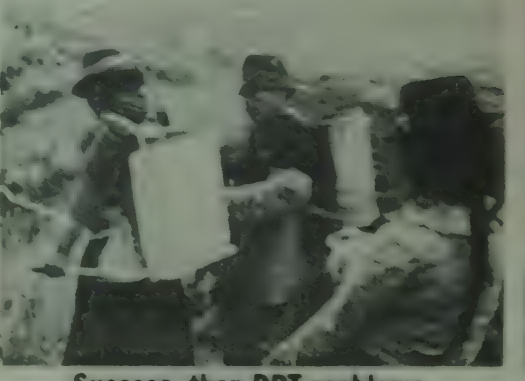
INTERNATIONAL EDUCATION MARKETPLACE

Silent spread of pesticide pollution started with DDT

Chemical hailed as a boon to agriculture when first discovered

THE BOOM IN the worldwide use of chemical pesticides started in 1939 when Swiss chemist Paul Herman Mueller discovered DDT, a chemical which revolutionized the management of pests and which eventually won him the Nobel Prize for physiology and medicine in 1949. DDT was found to be so lethal that when it was tested in 1943 for the first time in the United States, Sievert Rohwer, chairman of a special US Department of Agricultural committee, said, "We feel that never in the history of entomology has a chemical been discovered that offers such promise to mankind for relief from insect problems as DDT."

The discovery of DDT ushered the world into the "magic bullet" era of synthetic organic pesticides which lasted until around 1970 in North America—when it was determined to be dangerous to humans—and is still in progress elsewhere in the world.



Success, then DDT problems.

Before 1935, only about 4.3 million kilograms of pesticide were used annually in the United States. This figure doubled by 1945, when DDT was first widely used. By 1985, an estimated 545 million kilograms of pesticide were used in the United States, an amount equivalent to more than two kilos for every man, woman and child and a fifth of the 2.7 billion used throughout the world. The large amounts created a host of problems with pesticide pollution.

Initially, increased use of pesticides and synthetic fertilizers led to larger crops. But pests have a remarkable ability to develop resistance to pesticides. By 1985, more than 450 species of insects and mites were known to be resistant to at least one type of pesticide. The more pesticide is used, the more resistant pests develop.

Nearly 50 years after the discovery of DDT, the level of crop losses from pests in the United States and, as other evidence indicates, in the rest of the world, is about as much as it was before the celebrated pesticide was first used. According to US Department of Agriculture figures, the level of crop loss due to the combined effects of insects, diseases and weeds was 32 percent. In 1980, the loss from the same three factors was 33 percent.

—By Brad Durham, assistant editor

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Mr. Suresh T. Kilachand
Chairman & Managing Director

Statement of the Chairman, Mr. Suresh T. Kilachand to the Shareholders

For the Twentyeighth Annual General Meeting to be held on 30th December, 1988

Ladies and Gentlemen,

I have great pleasure in welcoming you to this Twentyeighth Annual General Meeting of the Company.

The Report of the Directors and the Statement of Account for the period ended March 1988 have been with you for some time and, with your permission, I shall take them as read.

1. Twentyfive Years of Production

As noted in the Directors' Report, the year 1987-88 marks the completion of 25 years of production. During this quarter century, after struggling heroically through its chequered past, the Company has emerged triumphant and stands on the threshold of a massive expansion and diversification programme, involving investment of huge amounts. For me, personally, this is a deeply touching moment, as I address you for the first time from this chair that had been graced by my revered father, the late Mr. Tulsidas Kilachand, right from the inception of the Company in 1961 up to his death in 1976. During these fifteen years, he had kept me close to him, as his only son, to share his aspirations and anxieties, and, as such, you will bear with me if I begin with some nostalgic references to the Company's historic landmarks.

2. Alcohol Based SBR Plant Highly Capital Intensive

As you may be aware, our SBR Plant at Bareilly was conceived with the twin object of promoting the country's agro-industrial productivity by profitably utilising as raw material the otherwise undisposable surplus alcohol distilled out of the pollution-causing molasses thrown up as a by-product by the U.P. sugar mills and, at the same time, to set up an indigenous synthetic rubber industry to produce a basic raw material required by the rubber using industries and for defence purposes. However, this alcohol-based SBR production process involved the setting up of not only a SBR plant, but also two separate captive plants, one for butadiene and another for styrene, the two intermediates which were not available in India owing to the absence of any petrochemical complexes. As against this, the standard process in advanced countries was to obtain externally butadiene and styrene directly from petrochemical complexes and set up facility only for the co-polymerisation of these two intermediates into SBR. Consequently, this alcohol process was more complex, involved and capital intensive, and the uncertainty about its viability caused even the public sector, the multinationals and the country's top industrial houses to remain aloof. Eventually, our Founder Chairman, the late Mr. Tulsidas Kilachand, who had a flair for pioneering basic industries like ship-building, aircraft, automobile manufacture, plastics and basic services such as shipping, banking and insurance, took it up as a personal challenge. He floated this Company in 1961 with the technical and financial collaboration of Firestone and its public issue was oversubscribed more than 60 times, an all time record till then, and whose shares then commanded premium of over 200%.

3. Two Decades of Ups and Downs

However, although the project was implemented and production commenced ahead of schedule in March 1963, the early euphoria gave way in the face of difficulties such as indifference of consumers and an accidential explosion in 1965 necessitating six months' closure. The teething troubles were overcome later and production at the record level of 33000 MT in 1971 exceeded the installed capacity of 30000 MTPA. The Company appeared to have attained a stable position in the early seventies, but the levy of a crushing vend fee on alcohol by the U.P. Government with effect from 1972 created instability, which was aggravated in later years by alcohol shortage due to drought. The Company's products continued to remain under price control, which restricted profits and enabled payment dividend only on an irregular basis. To Company's great misfortune, our Fou Chairman, Mr. Tulsidas Kilachand, exp 1976, and there was a serious void in Company's management. I was invited join the Board in 1977 and appointed Managing Director in February 1984.

4. Years of Progress – 1984-1988

Immediately on taking charge, I prompt action to restructure the management set-up, and, by repeated representations in person, got the Government to restrict SBR imports at dumping prices by removing it from th OGL list, and secured licences to impo butadiene, our principle raw material, concessional rates of customs duty to r our dependence on alcohol, which was longer available in adequate quantities viable price.

To facilitate butadiene imports, th construction of a terminal at Kandla Po the storage and handling of this hazar material was begun, which is now ope and has just handled the first consign of imported butadiene. The Company's assets were revalued and a surplus of Rs. 30 crores was credited to capital reserves. These steps enabled improve in sales, production, technical and managerial efficiency, as well as profita Dividends, which had been skipped for consecutive years from 1980 to 1983, resumed at 8% in 1984 and 1985 and enhanced to 15% in 1987 and further 21% in 1988. The market price of the Company's equity share, which had fal below par, responded to the improveme the Company's position by rising to ov 700% of par value. All this progress pro the Company with a sound technical a financial foundation for launching with confidence the massive expansion-cum diversification programme now under implementation. We are taking steps to the required financial resoruces, beginn with the issue of partly convertible debentures, for which members' conse sought in this meeting. This will be foll by other steps which will benefit the shareholders in time to come.

5. Strong Foundation justifies Massive Expansion

Members may be considering wha the heavy investment in the expansion capacity from 30,000 to 80,000 MTPA SBR including additional styrene capa as also NBR, ABS and VP-2 latex and other plans on anvil, such as, polystyre and other polymers, is within the Comp capability and would be sufficiently rewarding. In this regard, I may tell you in so far as the Company's present performance is concerned, it is produc well in excess of rated capacity and th sales are buoyant. During the eight mo period, April-November 1988, producti has been 23,107 MT as against 19,608 in April-November 1987, and sales 22, MT as against 20,149 MT in April-Nove 1987. In recent months, the Company

ered new records for production and
Demand for our products remains
brisk, and we feel fully justified in
ding capacity, not only to realise
mies of scale and reduce production
but also to meet the rapidly expanding
nd for rubber, make the country
ufficient in rubber and eliminate
ts which have now reached the
ering level of over 60,000 MT per year
tural rubber alone, resulting in heavy
f valuable foreign exchange. Therefore,
he point of view of the Company's
ility, market potential and adequate
s on investment, as well as from the
al view point of import substitution
ubber self-sufficiency, the expansion
amme undertaken by us and the
ification envisaged by us, involving
ve investment, are fully justified.

**xcellent Market Potential
or SBR**

he market potential for SBR is
dingly good. Natural rubber production
a cannot be expected to increase fast
h to keep pace with the rapidly
ding overall demand for rubber,
se almost the entire traditional rubber
ng land in India is now under rubber
tion, there is very little additional land
n the country suitable for rubber
tion and newly grown trees require
years to yield a crop. Consequently,
ts are increasing at an alarming rate,
ng in a huge drain of foreign
nge, which must be checked.
fore, to fill the ever increasing gap
en demand and supply, there is no
but to expand the indigenous
tic rubber production capacity. SBR
most widely used of all types of
tic rubber, accounting for about half
world synthetic rubber usage and
hird of the total world rubber usage
etic as well as natural). Moreover the
rubber consumption pattern is
ded, with 80% natural and 20%
tic, as against the world consumption
n, which is 30% natural and 70%
tic. The correction of this imbalance
ng the Indian rubber usage pattern
to the international norm through a
way from natural and towards
tic will also lead to increase in demand
R. This shift towards synthetic rubber
mption will be easier if the present
axation on the inputs of SBR, including
nd fee on alcohol and customs
duties on butadiene and other imported major raw materials is lowered, and the scale of SBR production increased by enhancing indigenous installed capacity to realise economies of scale, as this will enable the selling price of SBR to fall closer to the price of natural rubber, on which there is hardly any tax burden because of its agricultural character.

7. Immense Scope for Rubber Consumption

The immense scope for increase in future rubber consumption may be illustrated by the figures of per capita consumption of rubber, which is the lowest at 0.43 kg per capita for India, as against, 10 to 13 kg for advanced countries like Belgium, Japan, U.S.A. and Canada, and 3.9 kg for the world as a whole. The relative per capita figures for synthetic rubber consumption are glaringly lower at 0.10 kg. for India as against over 8 to 10 kg for the leading countries, and 2.7 kg for the world as a whole. These figures clearly reveal that India has a long way to go before it can claim parity with the world average, let alone the advanced countries. In this regard, it is some consolation to learn that the rate of rubber consumption in India is now growing twice as fast as in the leading countries and condiderably faster than the world average. From these facts, I am sure, you will agree with me that the prospects for the SBR industry in India are bright and our company is fully justified in going full steam ahead with a massive expansion-cum-diversification programme to reap the economic benefits of national growth and contribute a major share to India's rubber self-sufficiency and import saving. The problems of the synthetic rubber industry all over the world will be discussed in the forthcoming Annual General Meeting of the International Institute of Synthetic Rubber Producers, Inc., at New Delhi, during April next year, at which I shall preside as its President-International, and, the fall out of this meeting will be most beneficial for the Indian Rubber and allied industries, as world leaders of these industries will study closely the prospects of the Indian market from the viewpoint of collaborating in the future development of these promising industries.

8. Favourable Climate for Investment

The international climate for economic development is also quite favourable at the present moment. Political tensions are being defused by the international trends towards reducing armaments as also other developments conducive to world peace. As a result, there is likely to be diversion of resources from defence to development the world over, which will generate beneficial waves in the international economy. India is sure to gain from this in many ways, such as the reduction in non-development expenditure and the consequential tax reduction, which should help improve the investment climate as also the capital markets. The main snags in our economy at present are price inflation and the foreign exchange crunch, for both of which the ideal remedy lies in fiscal economies and incentives for industrial growth and higher production for domestic consumption, for import substitution and for exports.

9. Acknowledgements

The success achieved by the Company and the progress made by it are due to all concerned with its affairs, including the Government of India and the Government of U.P., the financial institutions and banks, the shareholders, the directors, executives, officers, managers, and other employees of the Company. The management expresses gratitude to all for their cooperation, especially to the employees for their dedicated services, without which the good results would not have been possible.

10. Conclusion

I may conclude on a happy note by expressing gratitude to the year 1988, that is about to pass, for its benevolence, especially for the bountiful harvest, and by ardently hoping that the coming year may also bestow on the country the blessings of good rains, prosperity and peace.

Ladies and gentlemen, I offer you, on behalf of the Directors, and on my own behalf, greetings of the season and all the best wishes for a Happy New Year.

SURESH T. KILACHAND
Chairman

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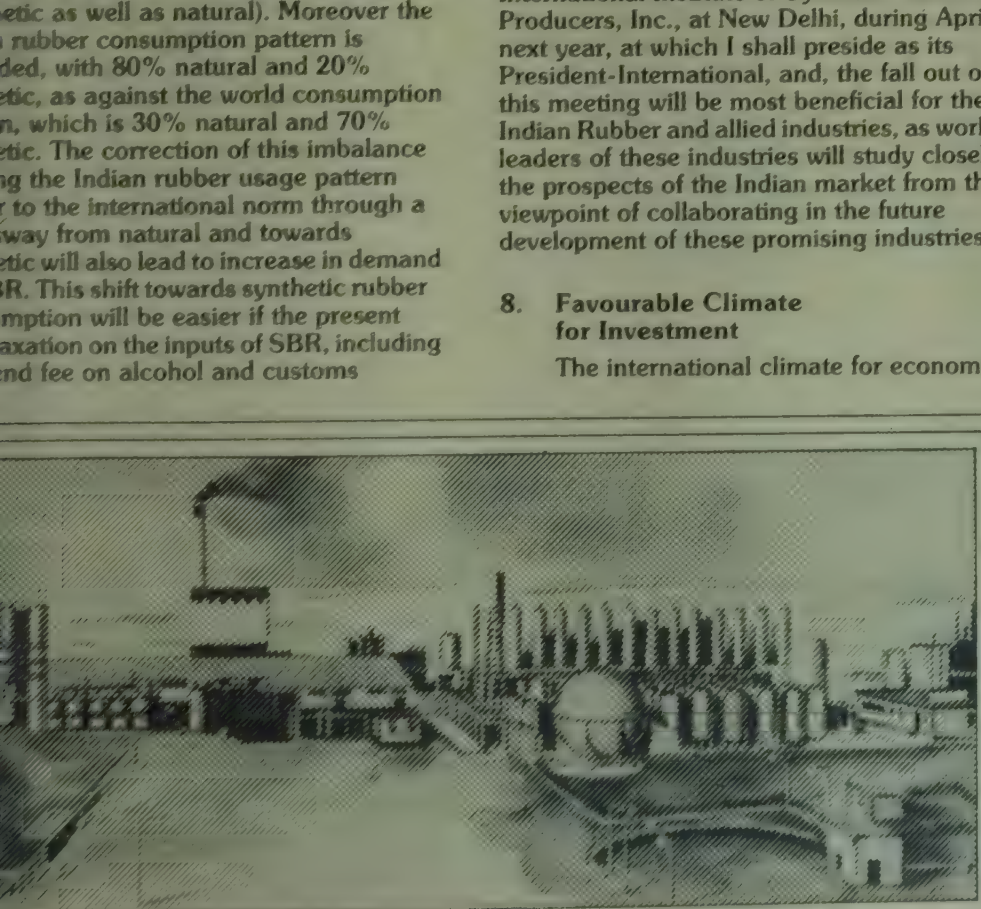
Bombay 400 020.

Dated: 30th December, 1988.

Note: This does not purport to be a record of the proceedings of the annual general meeting.



25 Years of Production

NATIONAL CLEARING CENTRE

Speeding money along

By about 7 pm on an average working day when most of Nariman Point, Bombay's commercial nerve centre is winding down, the men and machines on the first floor of the corner building on Free Press Road are cranking up — their work is just beginning. This building houses the National Clearing Centre (NCC) of the Reserve Bank of India (RBI). Better known by the function it performs, the clearing house is fully operational at night, five days a week — a hub of activity till the early hours of the morning.

Though it was inaugurated officially only on 3 January 1989 by the union finance minister, S.B. Chavan, the fully computerised clearing house has been operational since June 1987, providing clearing facilities for intra-city and inter-city cheques. In fact, compared to the efforts of computerising other aspects of the banking industry, the implementation at the national clearing centre has been the fastest and the most effective.

The need for computerised facilities was perceived not a day too soon. Says S. Venkateswaran, director in charge, National Clearing Centre, RBI Central Office, "An average of four and a half lakh cheques pass through the Bombay clearing house per day which has been made possible by the computerisation of the facility."

More than ten lakh cheques are cleared per day by the 14 clearing houses managed by the RBI, constituting about 67 per cent of the total volume of cheques dealt with in the whole country. Of these the four metros account for eight lakh cheques per day.

Basic functions

The basic function of the clearing house has not changed since the days when representatives of the member banks numbering no more than 45 (current membership: 97 banks) met at the RBI premises and manually sorted and exchanged cheques and reconciled accounts. Says N. Ghongane, deputy director of the NCC and one of the two men responsible for daily operations, "When the clearing facility was manual, not only was the process laborious, but also prone to errors." In addition, the city limits serviced in Bombay by the clearing house have increased to include even far flung northern suburbs. Today with an investment of Rs.13 crores in IBM hardware comprising encoders, reader-sorter machines, a mainframe system and printers, Ghongane and his colleagues' work is less troublesome.

An example of two banks having cheques drawn on each other will illustrate how the clearing house functions — A who banks with SBI has drawn a cheque of Rs.1 lakh in favour of B who banks with Canara Bank, and B has drawn a cheque in favour of A for Rs 50,000. When the representatives of the banks meet at the clearing house they will arrive at a "net amount receivable or payable", ie, Canara

Rangarajan: instrumental in the mechanisation process

Bank is to receive Rs 50,000 from SBI. The RBI has the authority to debit or credit its member banks with the net cumulative amount payable or receivable. At the bank level, the respective customer accounts will be debited or credited by the bank. Says Venkateswaran, "till as late as 1983 (when partial computerisation was introduced), this entire process was manually conducted."

The basis of the computerised clearing facility was the introduction of the Magnetic Ink Character Recognition (MICR) process in December 1986. At the time the RBI had an option — either to go in for the MICR or the Optical Character Recognition (OCR) process. C. Rangarajan, deputy governor of the RBI, who has been instrumental in the mechanisation process at the central bank explains, "as per the Damle Committee report on the subject, it was found that apart from being in use in most parts of the world, reading through a mechanical operation is much simpler than an optical one."

Facility provided

The cheques start arriving at the clearing house between five and seven in the evening. Smaller banks which do not have their own encoding facilities, due to the heavy investment involved in acquiring the encoding machine, are provided the facility at the clearing house by the RBI on a cost sharing basis. Encoding is a process whereby the cheque amount is transcribed on to the lower band of the cheque in magnetic ink.

Once the cheques have been encoded, they are loaded on to the IBM 3890 document processor — also known as the reader-sorter machine. The Bombay clearing house has five such machines,

Unprocessed cheques: the journey begins

BANKING

although at any point of time only two are operational. The reader-sorter machine sorts cheques at the speed of 2,000 per minute. The cheques are sorted bankwise, branchwise and transactionwise — savings or current account.

When the cheques arrive from the banks, they are accompanied by certain controlling documents — block and batch tickets. Cheques are divided into — blocks of 300 for convenience in handling. A subtotal of all the cheques is also printed on the block ticket. A total ticket is prepared for a bank where the cumulative total for all the cheques is printed. The figures on the block and batch tickets are used as input data for the reader-sorter machine to be checked against. Any discrepancy that may crop up can be checked against the block ticket total. Ghongane says, "This results in rechecking only 300 cheques and not the whole batch which could be a few lakh cheques." The information captured by the reader-sorter is transferred to the IBM mainframe computer, run under the MSV/XA operating system. This information is further processed and stored.

Cheques are not always completely sorted in the first pass known as the "prime pass" More than a couple of passes are sometimes needed for this purpose. Once the cheques have been completely sorted each bank gets a printout stating its net position vis-a-vis the other banks, and by this time the cheques are ready for delivery. Says Ghongane, "Our major concern is that the cheques should be ready for delivery not later than 6 am, the following morning."

Reader-sorter machine: at a fast pace

On an average, the Bombay clearing house receives 5,000-6,000 inter-city cheques. Bombay, Delhi and Madras have full processing capabilities, while Calcutta as yet has only settlement capabilities on the computer. In the case of Ahmedabad, Bangalore and Hyderabad, only one-way processing is possible, ie, cheques drawn on banks in the four metros only.

The RBI uses the postal Speed Post as courier, and Venkateswaran says that an inter-city cheque takes about seven days to be credited. He explains, "In the case of inter-city cheques, the clearing house in the requisite city is debited or credited. They in turn debit or credit banks in their city." While the RBI says that inter-city cheques should take only a week to be credited, in reality an outstation cheque could take as long as 10 to 15 days. The RBI attributes it to transportation delays which are beyond its control.

Once all the cheques are sorted into bundles they are manually put into pigeon holes, each one for a separate bank. By 6 am, they are ready for despatch and await the representatives of banks. If for an intra-city cheque the process of clearing takes less than 12 hours, then why do bank account holders have to wait up to three days for receiving credit for their cheques? Venkateswaran says, "For one thing, the clearing house only functions on week days, and for another, the cheques that are despatched from the clearing house have to be taken to the various branches of a bank."

The finance minister: all ears

The problem of delays in receiving credit for cheques does not lie with the clearing house but with individual banks, their transportation to the various branches in the city and their internal inefficiencies. However, the inherent problem is that the clearing house system has not addressed itself to the paper based payment, and the increasing growth in the volume of cheques. While countries in the West are seriously considering electronic funds transfer (EFT) and banks automated clearing services (BACS), which does away with the use of paper (cheques etc), in India the national clearing centres and their computerisation have only effectively streamlined the process — on the assumption that the paper based system will continue if not indefinitely, at least for the next decade or so.

■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RGY

olicy insights in 1988

year 1988 was good for students of gy policy and development eco- cs. The linkage between the two is plex and has been subject to consid- le debate. The common argument been that per capita energy con- ption in India is very low, especially compared to the developed coun- To increase energy consumption, it erefore necessary to invest in energy ration through electric power, nu- energy, oil and natural gas.

r a long time, a lot of energy had to nported. But, with the successes of C in the late seventies and early ies, there developed a spirit of opti- . By the mid-eighties, the oil import gain began to increase. The fact that C made no more dramatic finds led great deal of concern on the energy .

was against this background that a ber of research efforts were made in , each good enough to gladden the ts of energy economists. Prominent ng them are, Geeta Gouri's *Pricing Welfare — Petroleum Products in a*, Hiren Sarkar and Gopal Ka- di's *Energy Pricing in India*, Gopal kodi's *Planning for the Coal Sector*, *gy for a Self-Sustaining World*, a work by Bob Williams, Tom Joh- n, Jose Goldemberg and A.K.N. Reddy a report of an expert group of the omic and Planning Council of Kar- ka on *A Perspective for the Year* , to mention a few.

e debate has also made considerable ress among Indian scholars. One ses- in a national seminar on *India: the ging challenges*, organised by the tute for Social and Economic Change C), to felicitate V.K.R.V. Rao, on his ieth birthday, was devoted to these s.

er appreciation

methods used, the data made avail- philosophical basis and the indi- l backgrounds of the authors of studies vary significantly. Yet in important way, they all contribute better appreciation of the energy tion and to an enrichment of this rtant debate.

eta Gouri's book is in the tradition of the economists call "partial equilibrium", that is to say, how would oil prices behave in the economy if other things are kept constant? She studies Indian policies in regard to the pricing of petroleum products and the institutional complexity of the public sector enterprises involved in their production. She shows very clearly that Indian pricing policy has not been successful in promoting either equity or efficiency. Often, both have been sacrificed.

Are conventional sources of energy enough to meet the requirements?

The cynic would get the impression that the government's pricing policy on petroleum was based solely on revenue considerations. Gouri examines alternative models such as those of Baumol and Bradford, which she thinks have considerable merit. But before this debate can be considered concluded, it would also be necessary to go into an analysis of petroleum pricing in socialist countries, such as Soviet Union, China and Hungary.

It would be important to find other quantitative evidence before accepting Gouri's results *in toto*. For example, in her regression analysis, the independent variables are related to each other (what is technically called multi-colinearity). It would have been interesting to see if factor analysis could have been used as an alternative technique in this context. These technical points apart, Gouri has taken a significant step forward in analysing the complexities of the energy pricing question in a public sector environment.

The study by Sarkar and Kadekodi, in contrast to Gouri's, is in the context of what is called "general equilibrium", that is to say, in an economic world where everything is related to everything else. That of course would be extremely complex and they have, with great skill, built a quantitative model with reasonable assumptions. Thus, they are able to review energy economy linkages and study the pricing rules and pricing pattern over a 15 year period, from 1970 to 1985.

Alternative scenarios

In an environment where the government decides to change prices for a number of reasons, Sarkar and Kadekodi try to present, through different scenarios, alternatives of what would happen if prices of different kinds of energy would change by different amounts in different contexts. For example, they show that when energy prices are increased, it may lead to recesssion. That is to say, real national income decreases when energy price increases. Such effects are particularly pronounced for price increases in petroleum, followed by increases in prices of electricity and coal. They show that the effects of energy prices on income distri-

ition are slight, but in all cases it orsens. (In this they reinforce Gouri's nclusion).

Another aspect of their study is the oblem of substitution between one rm of energy and another. They also ow that an increase in petroleum ices can be as effective as indirect taxes generating additional government venue.

This study by Sarkar and Kadekodi is a od example of the right use of econoetric modelling and economists will d a great deal of value in it. For the erage reader, it provides a clear idea of e alternatives available and their implitions. It makes informed debate possie and provides a logical basis for cision making.

Kadekodi's book entitled *Planning for e Coal Sector*, is also a major contribun, based on a study of about 150 mines over India. Particularly interesting is s analysis of the beehive coke ovens in har — those inefficient units that are a tional disgrace but continue to thrive our society.

Another major study that came out in 88 is the result of an international colboration between scholars from eden, the US, Brazil and India. Their rk differs from the traditional method studying energy by starting from the oposition that people do not need engy *per se*, but energy services. For exple, the rural housewife needs a means cooking and not necessarily electricity kerosene. Urban commuters need nsportation, not diesel or petrol. In e same way, the needs of various segnts of the population can be studied d ways found to meet those needs.

ndhian streak

ere is a Gandhian streak in this study cause it starts from the proposition at certain carefully defined minimum eds for energy services of the entire pulation can and must be met, rather an the lavish demands of the rich. They ote Gandhi to the effect that nature s provided enough to meet everyone's ed, but not enough to meet everyone's eed.

What is interesting about this analysis that it develops an alternative in which e entire population of India — in fact a od part of the world population — can raised to the lifestyle levels of 20th ntury Europe based on some modificans of the existing energy generation, tribution and consumption methods.

An average housewife is only concerned with a means for cooking

Of course, this would mean that lavish consumers of energy (as in the US) may have to learn to live with less energy, but it would be a situation in which the average per capita energy consumption would go up.

This strategy emphasises an increase in the efficiency of energy converters like *chulas*, vessels, and the like. It also notes the importance of energy conservation and more efficient distribution, as compared to sole dependence on energy generation. While it seeks solutions in the latest scientific and technological advances, it surprisingly but logically comes to the conclusion that it is not necessary at this stage to go in for nuclear power to meet the energy needs of the majority of the people.

This viewpoint was also presented at the national workshop on nuclear energy organised by the Karnataka government on 9 and 10 December 1988. This was perhaps the first time that Atomic Energy Commission (AEC) officials had to face an informed and critical audience. Till recently, the AEC took the view that the subject was fit only for technical people and that it had competent and patriotic technical people whose assurance that nuclear energy is as safe as a matchbox in a smoker's pocket should be accepted at face value. Now they have to contend with demands for information and accept the fact that their assurance, competent and official though it may be, may not be accepted unless the facts are shared. This is a major advance — for such decisions must be democratically made by informed citizens.

Decentralised development

And to promote such a process of developing alternatives and choosing from among them democratically, the Karnataka government has come out with an alternative, in which another energy strategy emerges from an alternative development paradigm. An expert group, chaired by L.C. Jain, and consisting of eminent persons of national stature, set up by the Economic and Planning Council of Karnataka, has prepared a document titled *Karnataka: Perspective Plan 2001*, which in effect is an alternative to the Yojana Bhavan documents. The perspective is one of decentralised development, focussing initially on state subjects. It includes an energy model — not a sustainable energy model for Karnataka, but an energy model for a sustainable Karnataka.

This alternative merits detailed discussions and debate elsewhere. But for making such a discussion possible, 1988 will remain a year to remember.

■ VINOD VYASULU

The author is professor and head, social services management unit, Institute for Social and Economic Change, Bangalore

Voltas

Record sales, profits and earnings per share in the company's history; joint venture with Pepsico and PAIC finally cleared

The company has improved turnover by 19 per cent at Rs.547.78 crores. A proportionate increase in costs notwithstanding, the operating profit is up 23 per cent. Interest cost in depreciation and tax provisions have been higher too. But the profit after tax has increased by 41 per cent. The company has retained 71 per cent of the profit after tax, thus increasing reserves and surplus by Rs.6.90 crores.

The profit after tax is 1.78 per cent (1.49 per cent) to sales. The company has managed to post a much better cash profit of Rs.13.54 crores (Rs.9.75 crores). The raw materials cost has not seen significant improvement at 95 per cent of net sales. The company investments and net current assets is lower at Rs.5.26 crores (Rs.5.57 crores) and Rs.45.56 crores (Rs.46.61 crores) respectively. The loss on sale of investments is Rs.47 lakhs (Rs.4 lakhs). Bad and doubtful debts have almost doubled at Rs.1.40 crores (Rs.0.73 crores). No provision is made for Rs.1.83 crores in respect of alleged fraud at the Lucknow branch by stockists and employees.

The company's profitability is usually better in the second half. As such the operating profit in the second half is Rs.19.59 crores as compared to Rs.10.26 crores achieved in the first half. This allows the company to make higher provisions in the second half. The company clocked an over 100 per cent increase in net profit at Rs.7.36 crores for the second half as compared to Rs.2.15 crores for the first half.

The company continues to maintain its leadership position in the airconditioning and refrigeration industry. The intermediate range of forklift trucks introduced during the year has helped the company to retain its position in the material handling equipment business giving it the widest product range in the country in this category.

The principal textile machinery manufacturers have renewed their selling agency arrangements with the company for another 5 years. While, the mining and construction business group has fared badly and incurred losses, the chemicals division has done well, surpassing its annual sales and profit targets. The company has received order for SFC switchgears and cast resin transformers from BSES and MSEB. The engineering projects division is out of the red and has begun contributing to the company's profits.

The uncertainty regarding *ad valorum* excise duty on central plant equipment has suddenly resulted in huge excise (evasion) demand which could affect the profits already.

The joint venture with Punjab Agro Industries Corporation (PAIC) and Pepsico has received government approval. The project will offer opportunities for the company to widen its range of refrigeration equipment and also to establish several joint ventures in the packaging, bottling and moulded plastics industries.

The company proposes to privately place 14 per cent NCD's with the financial institutions to raise Rs.15 crores.

			(Rs crores)
Year ended 31 August	**1988**	**1987**	**% change**
NET SALES	364.43	299.46	21
SERVICES RENDERED	34.96	30.65	14
OTHER INCOME	3.08	1.51	104
EXCISE DUTY	38.40	32.12	19
RAW MATERIAL COSTS	348.47	286.02	22
SALARIES & WAGES	43.65	38.27	14
INTEREST	11.19	10.61	5
GROSS PROFIT	18.66	13.76	35
DEPRECIATION	3.84	2.91	32
TAXATION	5.12	4.00	28
PROFIT AFTER TAX	9.70	6.85	41
EQUITY	12.78	12.78	
RESERVES & SURPLUS	[illegible]	[illegible]	
GROSS BLOCK	[illegible]	[illegible]	
DIVIDEND (%)	[illegible]	[illegible]	
MARKET PRICE			
CURRENT	520.00		
1988 HIGH	580.00		
LOW	225.00		

Great Eastern Shipping

Increased earnings combined; reduced costs; reduced borrowings; broadening of operations base

The longest depression in the history of the shipping industry appears to be at the fag end, with Great Eastern churning out excellent results for the year ended 30 June 1988.

The company has for the first time crossed the Rs.100 crore turnover mark with a 14 per cent increase over the previous year mainly due to operating a larger fleet at improved freight rates. The large scale scrapping of ships, the paucity of new building orders and the stabilisation of world seaborne trade has reduced the imbalance between demand and supply of tonnage, resulting in improved freight rates.

GE's operating profit is 25 per cent higher at Rs.50.39 crores (Rs.40.31 crores). A change in the mix of operating earnings in favour of time charters as opposed to voyage charters, and a strict control on costs has reduced the operating expenses as a percentage of operating revenue. During the year, the company paid off loans of Rs.30 crores and took favourable forward measures on foreign exchange loans, thus reducing the interest burden. The profit after tax has shot up by over 100 per cent, despite higher tax provisions.

The strategy adopted by the company to improve liquidity, reduce gearing (by increasing the equity base) and acquiring good and cheap second hand tonnage at low prices is paying off. As on 30 June 1988 the debt/equity ratio stands at 1.37:1 with the company planning to repay another loan of Rs.30 crores during the current year, the debt gaining should fall further.

The falling value of the rupee has led to

			(Rs crores)
Year ended 30 June	**1988**	**1987**	**% change**
OPERATING INCOME	112.55	98.40	14
OTHER INCOME	3.58	4.13	−13
SALARIES & WAGES	2.03	1.83	11
OPERATING EXPENSES	60.52	57.54	5
INTEREST	11.13	13.21	−16
GROSS PROFIT	39.26	27.09	45
DEPRECIATION	19.76	19.03	4
TAXATION	3.07	1.27	142
PROFIT AFTER TAX	16.43	6.79	142
EQUITY	55.61	51.73	
RESERVES & SURPLUS	39.17	[illegible]	
GROSS BLOCK	364.50	340.68	
DIVIDEND (%)	[illegible]	[illegible]	
MARKET PRICE			
CURRENT	38.25		
1988 HIGH	46.00		
LOW	[illegible]		

an increase in the asset value. The value of ships being quoted in dollars, it's rupee value keeps increasing. Thus the market value of the ships of the company is worth Rs.100 crores more than its written value.

The company sold two ships for scrapping adding five second hand ships and a bulk carrier to its fleet. The government has approved acquisition of an additional six bulk carriers and three offshore supply vessels.

The ministry of finance has approved the company's entry into construction activities which may help the company in the long run to widen its base of operations. In order to initiate the diversification, the company has formed "The Great Eastern Developers" cell.

The company expects the freight rates to remain firm and having acquired second hand ships at competitive prices it can take advantage of the buoyancy in the freight market. The company has hiked dividend by 2.5 points on increased equity base with a dividend payout of almost 51 per cent of the net profit.

Z.F. Steering

Turnaround complete; defence department completes user trials for power steering gears; very high debts

The year 1977-78 has been very satisfying and significant for Z.F. Steering Gear (India) Ltd. The company has managed to wipe out all the accumulated losses incurred over the years.

This was possible because of higher production and sales, which realised higher prices. The company's products found growing acceptance in the market. It sold 1,813 (1,383) power steering gears and 18,843 (16,300) mechanical gears.

The defence department, its major customer of tomorrow, has completed the user trials of power steering gears. Besides, it has also made some breakthrough in supplying to the state transport undertakings, mainly BEST.

The company's sales have been rising consistently, each half year being a substantial improvement over the earlier one. But raw materials costs have kept pace with the sales, and so there is no significant improvement in operating profit in the two six monthly periods of the year.

But overall profit for the year would have been much higher had the company not changed the method of providing depreciation from straight line to written down value. This necessitated a higher provision of Rs.73 lakhs, even then the net profit has increased three fold.

The company has imported a second hand machine which will enable an important component to be made in its factory and avoid the high costs of imports significantly. This has helped bring down the interest burden.

Debts are a major thorn in ZF's profitability. This year the company achieved a turnover of Rs.7.05 crores while its debts mounted to Rs.1.17 crores.

Meanwhile, the sales in the first three months of the current year amounted to Rs.2.57 crores against Rs.2.04 crores in the corresponding period last year, confirming the trend of a growing market for its product.

			(Rs crores)
Year ended 30 June	1988	1987	% change
NET SALES	7.05	4.88	45
EXCISE DUTY	1.17	0.79	48
RAW MATERIAL COST	3.90	2.81	39
SALARIES & WAGES	0.27	0.21	
OTHER EXPENSES	0.71	0.53	
INTEREST	0.29	0.41	−30
GROSS PROFIT	2.20	0.95	131
DEPRECIATION	1.43	0.69	107
TAXATION	—	0.01	
PROFIT AFTER TAX	0.74	0.24	208
EQUITY	2.25	2.25	
RESERVES & SURPLUS	0.80	0.73	
GROSS BLOCK	4.63	4.24	
DIVIDEND (%)	—	—	
MARKET PRICE			
CURRENT	62.50		
1988: HIGH	80.00		
LOW	30.00		

Shri Dinesh Mills

Profit after tax declines, despite increased turnover; modernisation process to gear up for international competition; exports more than doubled

The company has ended the year with a 10 per cent increase in turnover, while operating profit has marginally moved up by 4 per cent to Rs.7.44 crores (Rs.7.14 crores). With the disproportionate increase in raw material costs, manufacturing expenses and provision for depreciation, the profit after tax has slumped down by 36 per cent. The raw material cost accounts for 40 per cent of the net sales. The wage bill and manufacturing expenses have kept pace with increased sales. Change in method of providing depreciation from straight line to written down value for plant and machinery at Baroda unit has increased the charge by Rs.0.60 lakh.

Sales for the second half of the year have been 17 per cent lower at Rs.11.95 crores as compared to Rs.14.41 crores for the first. Operating profit was Rs.2.80 crores for the second half against Rs.4.64 crores in the preceeding half.

During the year, the company completed modernisation of its mill divisions at Baroda and Ankleshwar and the felt division at Baroda. The programme has been financed by a loan of Rs.5.50 crores from the financial institutions. The company has also installed sophisticated machinery for improving the productivity and quality of paper maker's felt, under the Canadian collaborator's technical guidance. The company is commissioning some hi-tech weaving as well as carding and web making machinery to meet international competition from felt manufacturers. Marketing of industrial and filter fabrics produced by the company is facing stiff competition from OGL imports. The company's export during the year more than doubled at Rs.186 lakhs (Rs.75 lakhs).

			(Rs crores)
Year ended 30 June	1988	1987	% change
NET SALES	31.63	28.93	9
OTHER INCOME	0.95	0.60	
EXCISE DUTY	4.24	4.12	
RAW MATERIAL COSTS	12.77	11.13	15
SALARIES & WAGES	4.04	3.49	16
MANUFACTURING EXPENSES	4.37	3.66	19
INTEREST	2.51	2.48	1
GROSS PROFIT	4.92	4.66	6
DEPRECIATION	3.49	2.57	36
TAXATION	0.30	0.33	−9
PROFIT AFTER TAX	1.13	1.76	−36
EQUITY	1.65	1.65	
RESERVES & SURPLUS	12.06	11.34	
GROSS BLOCK	31.95	29.10	
DIVIDEND (%)	20.00	17.00	
MARKET PRICE			
CURRENT	675.00		
1988: HIGH	825.00		
LOW	475.00		

Graphite Vicarb

Better sales realisation; products established in home market, exports planned; coming to the capital market for finance

The company's profitability has made rapid strides, even though the turnover has not recorded any major growth. This suggests that increased sales realisations and better utilisation of existing facilities have made the difference.

In spite of a 20 per cent increase in net sales, the raw materials cost is lower, both in relative terms and absolute terms. The main reason behind these improvements is substantial reduction in the graphite components to 2 units only valued at Rs.2.10 lakhs against 32 units costing Rs.11.93 lakhs in the last year. Similarly the expenditure on other components has fallen to a mere Rs.28,000 from Rs.6.40 lakhs. This has led to a saving of Rs.15.96 lakhs against total raw material consumption valued at Rs.45.46 lakhs. This has helped to absorb the effect of a 70 per cent increase in the cost of its major raw material i.e. graphite, carbon rods, blocks and tubes, which altogether constitute over 65 per cent of the raw materials cost.

Comparing the two halves, much of the gains have been in the 2nd half, since the raw materials as a percentage of sales in this half were around 10 per cent, down from 35 per cent and above in the 1st half.

			(Rs crores)
Year ended 30 June	1988	1987	% change
NET SALES	2.18	1.82	20
OTHER INCOME	0.77	0.09	
EXCISE DUTY	0.33	0.26	27
RAW MATERIAL COSTS	0.45	0.47	4
SALARIES AND WAGES	0.26	0.19	[illegible]
INTEREST	0.17	0.24	−29
GROSS PROFIT	[illegible]	[illegible]	[illegible]
DEPRECIATION	0.15	0.19	−21
TAXATION	—	0.04	
PROFIT AFTER TAX	[illegible]	[illegible]	[illegible]
EQUITY	2.79	1.80	
RESERVES & SURPLUS	1.07	0.16	
[illegible]	[illegible]	[illegible]	
DIVIDEND (%)	14.00	12.00	
[illegible]			
CURRENT	28.50		
1988 HIGH	39.00		
LOW	[illegible]		

The company, after establishing its reputation at home, is looking out for export avenues. The service income on testing and repairing jobs has for the first time made some significant contribution to the total turnover.

Meanwhile the company is implementing a Rs.14 crore project for the manufacture of large diameter fibre glass reinforced plastic (GRP/FRP) pipes and tanks in Maharashtra. The project is expected to commence commercial production in 1989 with the technical and financial collaboration of VEROC technology A/s of Norway. In order to finance the project, the company proposes to issue 14 per cent secured redeemable non-convertible debentures of Rs.100 each and equity shares of Rs.10 each aggregating Rs.4.45 crores and Rs.1.75 crores respectively.

TRENDS

Vam Organics

Vam Organics has shown excellent half yearly performance with a 30 per cent rise in turnover and with lower raw material costs compared to the preceeding half. Operating margins expanded to almost 40 per cent from 30 per cent in the previous year.

Thus operating profits are much higher but due to increased interest costs, the gross profit is not correspondingly higher. However, the outgo on account of tax is well under control and thus cash profits are quite impressive.

After the diversification into mono ethyl glycol the company is now setting up a plant for the manufacture of spray dried silica in collaboration with Degussa AG, West Germany. The project is estimated to cost Rs.40 crores, with a capacity of producing 7000 tpa.

The company is adding new products to its existing range. It will manufacture nitrocellulose powder and sheets at a cost of Rs.12 crores. The factory will be located in Uttar Pradesh.

			(Rs crores)
Period ending	Oct 1988	Oct 1987	April 1988
NET SALES	[illegible]	[illegible]	[illegible]
OTHER INCOME	[illegible]	[illegible]	[illegible]
TOTAL INCOME	21.50	15.87	32.48
RAW MATERIAL COST	[illegible]	[illegible]	[illegible]
SALARIES & WAGES	[illegible]	[illegible]	[illegible]
OTHERS	[illegible]	[illegible]	[illegible]
OPERATING PROFIT	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
GROSS PROFIT	7.22	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
TAX	0.90	1.02	[illegible]
NET PROFIT	4.92	2.15	4.73
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]ES (%)	40.29	35.88	33.28
[illegible]M SALES (%)	9.54	12.68	12.76

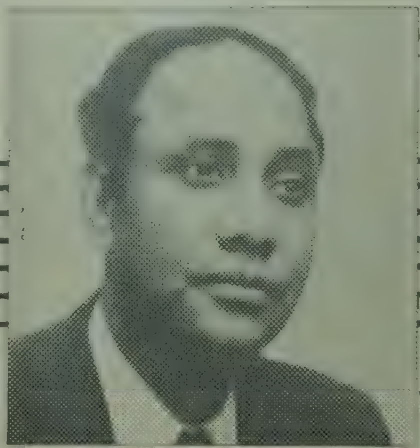
Hindustan Brown Boveri

The company has remained in the red during the first half of the current year. Though compared to the corresponding period it has reduced its losses. Actually the pattern of business is such that the major part of the invoicing takes place in the second half, which more than offsets the first half losses.

Meanwhile, the company is going through an adjustment cum restructuring period. This is consequent to the merger with Asea Ltd. The new outfit will be known as Asea Brown Boveri Ltd. Though no decision has been taken to merge Flakt India and SAE with ABB. The merger has brought the company under the MRTP Act.

The paid-up value of the share is proposed to be sub-divided into Rs.10 (Rs.100). Consequent to the merger, the equity of ABB will stand at Rs.8.48 crores, and the projected profit is Rs.10 crores for 1989 on a turnover of Rs.200 crores. K.N. Shenoy of (CEO) HBB will be the managing director of the merged company.

			(Rs crores)
Period ending	Oct 1988	Oct 1987	April 1988
TOTAL INCOME	[illegible]	[illegible]	[illegible]
RAW MATERIAL COST & ERECTION SERVICES	[illegible]	[illegible]	[illegible]
SALARIES & WAGES	[illegible]	[illegible]	[illegible]
OTHERS	[illegible]	[illegible]	[illegible]
OPERATING PROFIT	[illegible]	[illegible]	[illegible]
INTEREST	[illegible]	[illegible]	[illegible]
GROSS PROFIT	[illegible]	[illegible]	[illegible]
DEPRECIATION	[illegible]	[illegible]	[illegible]
TAX	—	—	[illegible]
NET PROFIT	[illegible]	[illegible]	[illegible]



STATEMENT OF THE CHAIRMAN AT THE 5TH ANNUAL GENERAL MEETING

Ladies and Gentlemen,

I welcome you to the 5th Annual General Meeting of your Company. Annual reports and accounts for the year ending 31st December '87 have been with you for sometime and I hope you had a good look at them.

The Past 365 Days

It is a known fact that there has been undue delay in completion of the project. I consider it my duty to appraise you of the major factors responsible for this delay. Firstly, there was a cost overrun to the tune of Rs. 2.5 crores (Rupees two and a half crores) due to various unavoidable economic factors, namely increase in the Customs Duty for project import and depreciation of the value of Indian Rupees against Pound Sterling, Deutschmark, Spanish Peseta and Italian Lira in which currencies all the capital machinery had to be imported.

Secondly, the Company could not instantly raise the funds to meet the overrun cost and the implementation of the project almost came to a grinding halt and rumours spread in the market that the Woodhead product will never see the light of the day.

The best technical teams in the Shock Absorber Industry in the country

An application was made to the Financial Institutions for a further Rs. 1.30 crores term loan and to raise the balance by issue of additional share capital to the promoters, financial institutions and foreign collaborators.

I joined your Company as the new Chairman only on 18th December whereas the project was scheduled to be completed by 31st December, 1987. Due to shortage of funds there was a tremendous amount of backlog of work

The launch was a great success

to be completed, since virtually no work was done throughout the second half of 1987. So there was a Herculean task ahead of me. I made a microscopic examination of the factors leading to cost overrun and the acts to be done to complete the project. I fixed my priorities immediately. I got Rs. 1.02 crores out of Rs. 1.30 crores as additional term loan disbursed from IFCI in the second week of February, 1988. My next priority was to broad-base and strengthen the Board of Directors. Thirdly, I had to give a shake-up to the management staff in order to strengthen it. In the process the executives who did not fit the bill had to be eased out and top flight professionals with proven track records were inducted into the Management Team. I am happy to announce that today your Company can claim that it has one of the best technical teams in the Shock Absorber industry in the country.

Woodhead's Successful Appearance

After putting in a ton of efforts in a bushel of time with the wholehearted cooperation and hardwork of the professionals, the project was completed on 24th June, 1988 and the product was launched in the market on 26th June, 1988 preceded by a well attended opening ceremony which included important dignitaries and distributors. The launch was a great success.

WOODHEAD CHARGER SHOCK ABSORBERS

However, your Company was not in a position to cover all of India at the first instance. We decided to launch the product only in the Eastern and Northern zones.

This decision was taken as the Company could not produce enough to supply all of India due to shortage of working capital. It is a matter of great regret that the arrangement of working capital took much longer than it should have to make the factory go into full stream. I am delighted to report to you today that working capital to the tune of Rs. 95 lakhs has been arranged from the State Bank of India and the State Bank of Hyderabad.

Ascending Acceptance

The sales of the Company augur well for the future. We sold every Shock Absorber made by the Company during the period of July to September, 1988 and there is a sizeable number of outstanding orders in hand.

Your Company's efforts to develop OEM Buyers is progressing well and the Shock Absorbers made by the Company have been approved by recognized vehicle manufacturers like Maruti Udyog Limited, Premier Automobiles Ltd., Swaraj Mazda, Hindustan Motors and others. However, the Company has not yet accepted orders from OEM Buyers, as it would have failed to supply due to constraints in production caused by the shortage of working capital.

The Future Network

I am happy to announce that the financial base of the Company has been strengthened

Sold every Shock Absorber made by the Company during the period July to September

and I do not anticipate any real difficulty in expanding the Company's market share. The sales for the period of three months have been very encouraging.

All efforts are being made to extend and strengthen the marketing and distribution network encompassing the whole country. The Company's target is not only the home market; it is eyeing the overseas markets like Europe, Australia and the neighbouring countries which the Company considers good potential markets for its product, being backed by the internationally famous brand name "WOODHEAD CHARGER".

I have no hesitation in my mind that your Company has a great future and it will make its mark in the foreseeable future on the industrial map of India.

Thank you

Before I conclude, I wish to place on record my deep appreciation for the hard work done by the employees and the fullhearted cooperation from my colleagues on the Board and the

The financial base of the Company has been strengthened

Financial Institutions like IFCI, IDBI, ICICI and also from Haryana State Industrial Development Corporation. I shall be failing in my duties if I do not express my gratitude towards our valuable distributors and ultimate users of the Company's products.

SOHNA, DISTT. GURGAON, HARYANA

Dated: 30th September, 1988

(D.N. SARKAR)
CHAIRMAN

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.

The new projects of the company to manufacture electronic products, relays and signalling equipments is expected to enhance the profitability.

RESULTS ANNOUNCED

Apollo Tyres

The company has clocked a 4 per cent increase in turnover at Rs.152 crores. After making the necessary provision, the net profit is up marginally by 3 per cent at Rs.14.79 crores. This is achieved despite the scarcity of basic raw materials and severe power cuts in Kerala. For the second successive year, the company's profit after tax as a percentage of sales and earnings per share has been the highest in the industry. The company has transferred Rs.11 crores (nil) to general reserve and declared a final dividend of 12.5 per cent which together with the interim comes to 25 per cent for the year ended October 1988.

The company is poised for higher growth with its plan to expand existing capacity by 50 per cent at a cost of Rs.20 crores. It has further plans to set up a new unit in Gujarat for the manufacture of automobile tyres. The added capacity could improve performance of the company in future.

FACOR

The total turnover of the company has increased by 8.27 per cent for the year ended 30 June 1988, mainly due to satisfactory market conditions and increased sales of steel products. Production of ferro manganese, silico manganese and ferro silicon was curtailed due to reduction in supply of power in Andhra Pradesh. The steel division and charge chrome plant continued to higher production.

The company's exports increased by 10 per cent at Rs.31.28 crores and constituted 19.41 per cent of the total turnover. Despite the company having provided Rs.7.10 crores (Rs.7.97 crores) for depreciation and Rs.33 lakhs (Rs.14 lakhs) for tax, the profit after tax has skyrocketed by 136 per cent to Rs.1.75 crores. On improved performance, the company declared a dividend of 15 per cent for the year as against 5 per cent last year.

The turnover during the first quarter of the current year amounted to Rs.39.48 crores as against Rs.30.19 crores for the corresponding period last year. The current year of the company will consist of nine months ended 31 March 1989.

Hindustan Construction Company

The company is back in the black with a 24 per cent jump in turnover at Rs.123 crores for the year ended 31 July 1988, and a 9 per cent improvement in gross profit up from Rs.10.74 crores to Rs.11.75 crores. After providing lower interest amounting to Rs.6.58 crores (Rs.9.92 crores) and depreciation of Rs.4.95 crores (Rs.4.92 crores), the net profit has been Rs.22 lakhs (loss of Rs.3.47 crores). The overall improvement in operations absorbing the overheads and reduction of interest cost due to repayment of loans and deposits has given the company a new look.

The company, which had skipped dividend for the last two years, returned to the dividend list with a 9 per cent dividend for 1988. On 30 November 1988 the order book position stood at Rs.212 crores.

Indian Sewing Machine

Despite recessionary market conditions caused by severe drought, the company recorded an increase of 9 per cent in the turnover at Rs.43.42 crores for the year ended 30 June 1988.

The operating profit is up by 18 per cent. After making all provisions, the profit after tax zoomed by 22 per cent from Rs.1.51 crores to Rs.1.84 crores. The company has maintained dividend at 20 per cent.

During the year, the company set up the electrical appliances division to market household electrical appliances. It also started a speciality store for kitchen items in New Delhi, and plans to move on to other parts of the country.

IN BRIEF

Comet Steel is expanding its production capacity of cold rolled steel coils, a prime raw material for the galvanising industry, from 10,000 to 50,000 tpa at an estimated cost of Rs.32 crores. The company's turnover is expected to increase by Rs.20 crores from Rs.40 crores for the year ended March 1989.

Bhilwara Synthetics has declared an interim dividend of 10 per cent and hopes to declare another 10 per cent, making a total of 20 per cent for the 15 month period ending March 1989, which on an annualised basis amounts to 16 per cent as declared in 1987.

The company is implementing a Rs.9.50 crore project for the manufacture of worsted yarn. In order to finance the project, the company plans to come out with a rights and public issue of equity shares of Rs.10 each at par, early February 1989.

B&A Plantations & Industries, a company of the H.P. Barooah group, which was converted into a public company in March 1986, has been producing satisfactory results. For the 18 months ended 30 September 1988, the company has declared a final dividend of 35 per cent including a 10 per cent interim declared in April 1988.

The multi wallpaper sacks project launched by the company is ready for commercial production.

Haryana Petrochemicals' expansion plans include increasing capacity of POY by 4,000 tpa from the existing 3,000 tpa, adding balancing equipment and installation of three secondhand imported draw twisting machines. The optimisation and expansion scheme will be undertaken at a cost of Rs.16.95 crores.

The company plans to diversify into bright trilobal and speciality yarns. In the second phase, it plans to increase its spinning capacity to 11,000 tonnes by setting up a polycondensation plant for the manufacture of 15,000 tpa of polyester chips. The proposed programme is expected to be implemented by September 1989. The company plans to finance the project partially by entering the capital market with an equity issue on rights basis to existing shareholders in the ratio of 2:5 aggregating Rs.2.55 crores.

Albert David has joined hands with Ajinomoto & Morishita Pharmaceutical Co, Japan, to manufacture amino acid infusion solutions at Ghaziabad. The company's two units at Calcutta and Ghaziabad are doing well and construction work at Bhopal is scheduled to commence with technical collaboration from Pharma Plan, West Germany. With this the company expects a turnover of over Rs.20 crores.

GMB Ceramics

R.A. Jalan, vice-chairman cum managing director of GMB Ceramics, maintains that there is an "immense" gap between demand and supply of sanitaryware in the country. The demand for sanitaryware for the year 1990 is estimated at 75,000 tpa whereas the installed cpacity is expected to reach only 72,750 tonnes. The company is setting up its plant in Balasore, Orissa, and intends to tap the eastern market initially. The per capita consumption of sanitaryware in eastern India has been a low 0.07 kg as compared to 0.16 kg in the western region. Says Jalan, "Currently the demand in the east is on the upswing. The location of the plant will thus give it substantial cost benefits in terms of freight."

The plant will run on the latest technology which uses liquefied petroleum gas (LPG) as fuel and "thereby reduces the cost by 35 per cent". Critical components are being imported from West Germany. Production will commence from March 1989. The company expects to generate a turnover of Rs. 7 crores and a profit (after tax) of Rs. 4 lakhs, running at 70 per cent of capacity during the first year. Estimating 100 per cent utilisation in its third year, the net profit envisaged is Rs.1.4 crores on a turnover of Rs.10 crores.

Jalan is confident of the project's success, the highly competitive market notwithstanding. He says, "Barring any unforeseen circumstances, we will be in a position to declare a dividend of approximately 8 to 10 per cent in the first year of production."

The products of the company will be sold under the brand name of GMB-NEYCER, for which the latter will receive a royalty of 2 per cent.

Issue opens on 6 February 1989

Name of the company	: GMB Ceramics
Size of issue	: Rs.1.37 crores
Instrument	: Equity shares of Rs.10 each for cash at par
Promoters	: R.A. Jalan
Project	: 7,000 tonnes of sanitaryware per annum
Cost of the project	: Rs.9.18 crores
Location	: Balasore, Orissa
Likely date of commissioning	: March 1989
Collaboration	: Neyveli Ceramics and Refractories, Tamil Nadu

Digital Equipment (India)

The project marks the entry of the second largest computer company, Digital Equipment Corporation (DEC), of which Digital Equipment (Holdings) B.V. is a subsidiary, into the Indian market. DEC has an operating revenue of Rs.16,000 crores and its rate of growth over the last few years has been significantly higher than that of IBM, which is still the largest computer company in the world. DEC will hold, through its subsidiary, 40 per cent of the total equity of the Indian company.

Hinditron, the other promoter in the company, had a gross revenue of Rs.12 crores in 1987-88 and has been associated with DEC as a distributor since 1972. Hinditron will subscribe to 30 per cent to the total equity of Rs.22.50 crores.

An interesting feature of the issue is negligible reliance on institutional funding. Of a total project cost of Rs.43.07 crores, only Rs.2 crores will be financed by a term loan from a bank.

The minicomputer market, which the new company will be entering with its product, had an estimated turnover of Rs.134 crores in 1987-88. This is expected to reach Rs.165 crores in 1988-89. Digital Equipment has always had a dedicated group of fans, especially in scientific institutions, and Rs.25 crores of DEC equipment was sold in the country in 1987-88, including a large number of micro-VAX IIs.

The company will face significant competition from indigenous companies like HCL and Wipro, but its strengths are the reputation for quality and reliability of service that both DEC and Hinditron enjoy.

Issue opens on 2 February 1989

Name of the company	: Digital Equipment (India) Ltd
Size of issue	: Rs.19.25 crores
Instruments	: 6,750,000 equity shares of Rs.10 each at par 1,857,000 — 14 per cent secured redeemable non-convertible debentures of Rs.100 each at par
Project	: Manufacture of the micro-VAX II range of microcomputers
Cost of project	: Rs.43.07 crores
Likely date of commissioning	: First quarter 1989
Promoters	: Digital Equipment (Holdings) B.V. and the Hinditron group of companies

Prakash Pipes and Industries

This is an existing eight-year-old company with three different products. The management states that the company has secured letters of intent for a glass shells project (Rs.90 crores) and a colour picture tubes project (Rs.100 crores). But this issue is not being made to finance these projects.

The company has carved out a niche for itself in the 14" black and white picture tube market where it has a market share of 65 per cent, says V.P. Agarwal, managing director. The company does not expect its market share in black and white picture tubes to be effected by the entry of Qualitron Components and Suchitra Tubes. "We sell only 5 per cent of our total production to the companies which manufacture Crown and Dyanora TV sets. So, Qualitron, planned as this captive unit, will not effect us," says Agarwal.

Issue opens on 9 February 1989

Name of the company	: Prakash Pipes and Industries
Size of issue	: 1,652,600 equity shares of Rs.10 each for cash at a premium of Rs.20 per share
Objects of issue	: to meet long term working capital requirements and normal capital expenditure
Products	PVC pipes, black and white picture tubes and video tapes and cassettes
Promoters	R.P. Agarwal family

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The fastest flight out of India, with just one stop at London.

I've also stretched my upper decks and I'm adding to my fleet.

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My Maharajah and Executive lounges in most cities have also been refurbished to make relaxing

Apple Leasing & Industries Limited

The country's computer industry is growing by 40 per cent every year and this company has kept pace with the rest of the industry. It started as a leasing and hire purchase company and quickly moved into the lucrative area of computer training.

The company has now planned a major expansion in the areas of computer software, computer training classes (information technology division), leasing and hire purchase. It has made good progress in both areas. Today it claims to be the only private sector company importing computer training at centres in Bombay, Delhi, Hyderabad, Madras, Baroda, Bangalore and Pune. Its clients include the General Insurance Corporation, Bharat Petroleum, ONGC, ITDC Hotels, Maruti Udyog and ACC.

The company's turnover increased from Rs.154.17 lakhs in 1985-86 to Rs.735.30 lakhs in 1987-88. During the same period, profit before tax increased from Rs.70.57 lakhs to Rs.223.72 lakhs. The turnover from the information technology division alone shot up tremendously, contributing to more than 40 per cent of the company's total turnover.

A maiden dividend of 23 per cent was declared for 1985-86. This was maintained in 1986-87 on enlarged capital. The earnings per share during the last year was over Rs.5.

Issue opens on 30 January 1989	
Name of the company	: Apple Leasing & Industries Ltd
Size of the issue	: Issue of 2,50,000, 14 per cent secured fully convertible debentures of Rs.150 each for cash at par aggregating Rs.3.75 crores.
Terms of conversion	: Rs.60 convertible into five equity shares of Rs.10 each six months after allotment; premium Rs.2 per share, Rs.90 convertible after a premium undecided.
Objects of the issue	: a) For long term resources and working capital; b) to part finance additional computer training and software development centres. c) to meet part of the working capital requirements and expenses of the issue.
Current market price	: Rs.22.00

Vegepro Foods & Feeds Ltd

The company has already commissioned phase I for making refined soya oil in the first week of January. In the next phase to be commissioned in April 1989, the company will make soya flour and texturised soya protein.

The company has entered into a technical collaboration with EMI of Chicago, USA to manufacture edible soya flour.

The soyabean industry was plagued by inadequate supply of soyabean in 1987-88. The management is aware of this and therefore have strategically located their plant in the soya growing area in Uttar Pradesh. But in the current year the situation is far more encouraging. According to the management the estimated production of soyabean this year has doubled to 1.8 million tonnes from 0.9 million tonnes last year.

Besides, technology of soyabean processing adopted by the company will also make its products free of 'beany smell' — the key to the success of soya-based food products.

Since Uttar Prdesh is well known for power shortages the company has installed a captive generating set of 1150 KVA. The company has commenced trial production. The solvent extraction plant is scheduled to go into production in March 1989. Production of texturised vegetable protein has been scheduled for end 1989.

Issue opens on 30 January 1989	
Name of the company	: Vegepro Foods & Feeds Ltd.
Size of the issue (To Indian public)	: Rs.2.90 crores
Instrument	: Equity shares of Rs.10 each cash at par
Project	: To manufacture soyabean oil, edible soya flour and texturised soya proteins by processing 90,000 tonnes of soya bean per annum
Locations	: Orai, Jalum district, Uttar Pradesh
Cost of the project	: Rs.24.50 crores
Promoters	: Glindia and PICUP
Expected turnover at full capacity	: Around Rs.60 crores

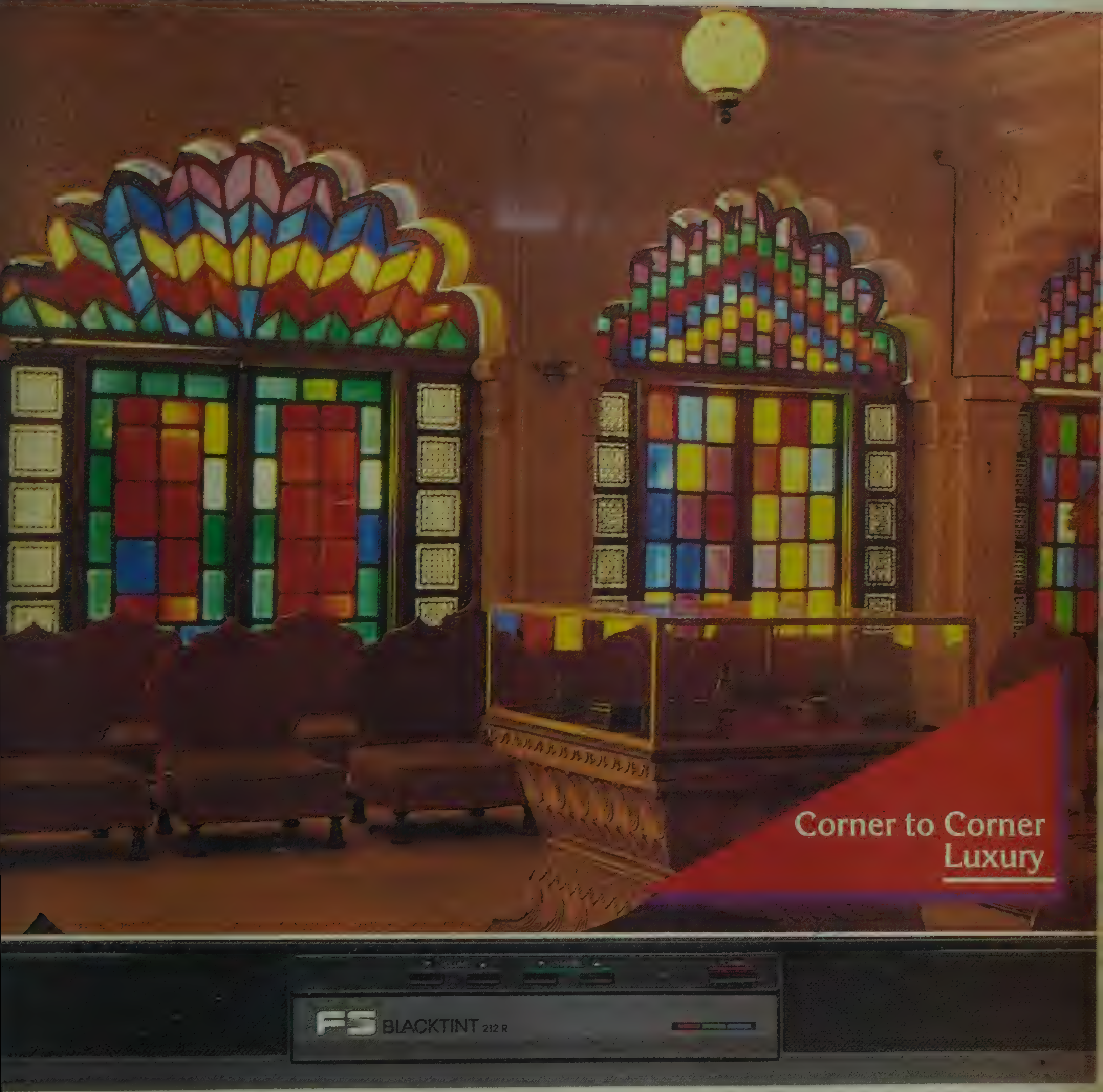
Ganesh Anhydride Ltd

Maleic anhydride,(MAN) a chemical used in polyester resin, agricultural chemicals, preservatives, co-polymers, lubricating oils was licensed to six state governments for implementation six years ago. The total licensed capacity was 30,000 tonnes per annum (tpa). But, the licences were never implemented. In the meanwhile, import of this product used by the polyester resin industry among others increased. Currently 2,500 tonnes of MAN are imported every year.

Ganesh Anhydride is the third private sector company in this industry to get a letter of intent. The plant was set up in nine months. The other manufacturers, Adarsh Chemicals and Tirumalai Chemicals, have a combined production of 3,000 tpa. Says Ramesh Pilani, managing director, Ganesh Anhydride, who is a chemical engineer from BITS, and a first generation industrialist, "The state government did not implement MAN licenses because they were not geared to do so. To make a project like this work, you need people, resources and motivation."

The company has been set up by two non-resident Indian technocrats, Ashok Padia and Y. Sarin, who have set up almost a dozen such plants all over the world.

Issue opens on 31 January	
Name of the company	: Ganesh Anhydride Ltd
Size of the issue	: 18,20,000 equity shares of Rs.10 each for cash at par
Promoters	: Ganesh group (which promoted Ganesh Benzoplast) and two non-resident Indian technocrats
Project	: 7,000 tonnes per annum of maleic anydride which is an import substitution item
Cost	Rs 24.75 crores
Location	Tarapur, Maharashtra



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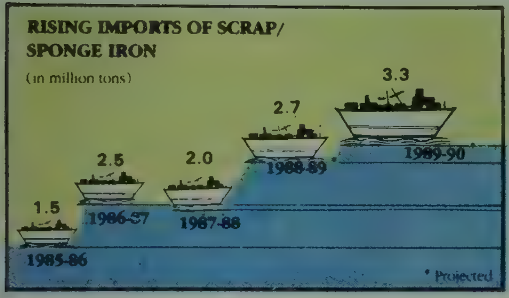

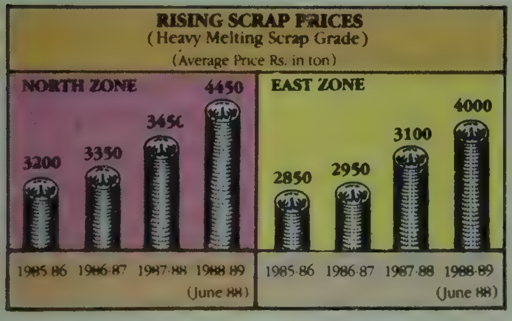

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LURGI : of West Germany, the world's largest process engineering company; pioneer and world leader in sponge iron technology.
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NRIs : 28th Jan., 1989
Indian Public : 30th Jan., 1989

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Regd. Office & Plant : Chandil (near Jamshedpur), Distt. Singhbhum, Bihar-832 401

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participation also by IFC, Washington

Markets turn listless

For the period 2 January 1989 to 14 anuary 1989)

SE National Index on 14 January = 32.62, down 2.4 per cent.
SE Sensitive Index on 14 January = 42.35, down 3.5 per cent.
aily Turnover Average for week ended th January = 48.2 crores, down 8 per ent.

he listless conditions that have marked tockmarkets since early December connued into the start of 1989. The bearish nood reflected in large part the unceraintles of the coming local elections and he central budget: the outcome in either ase could affect the pace of future liberlisation of the economy. An additional actor was the 50 per cent badla charge hat had prevailed for the 10 December ettlement.

Price hikes in controlled commodities lso hurt market sentiment (although ata Steel benefited). Last year it was the etrol and aluminium industries which enefited from January price hikes. This ear, the pre-budget impositions that ave become a regular feature of the conomy began with a Rs.550 crore New ear gift to the state-run coal industry in he form of a 14 per cent hike in coal rices. A steel price hike of 8 per cent ollowed on 8 January. Price rises in other ndustries in which the government has a ubstantial stake, particularly aluminium nd petroleum, are also expected.

Vobbly beginning. Reflecting these unertainties, the BSE 100-share National ndex (inaugurated by the finance miniser on 2 January) had a wobbly beginning, quickly falling 5 per cent by 6 anuary. The BSE authorities reacted uickly to the market's fall, halving the aily bull margin on forward trades to 5 er cent from 7 January (while raising he daily bear margin from 10 per cent to 5 per cent). Meanwhile, badla rates were ettled at 12 per cent in Calcutta on 6 anuary and at 15 per cent in Bombay the ext day.

The sharp fall in badla rates was part f a process of adjustment that followed he extremely high rates averaging over 6 per cent over the past few months. It appened because the unusually high adla rates of the past quarter had atracted badla financing not just from ources outside stockmarkets but had enouraged investors to sell stocks and put the funds into badla finance — thereby depressing stocks and ultimately reducing badla rates. In fact, the country's stock exchanges deserve credit for possessing and implementing such a smoothly self-correcting mechanism for bringing badla rates back to normal levels — that too, in a regime of fixed interest rates.

In fact, the badla rates on some stocks were unusually low. Tata Steel, for example, attracted a badla charge of half per cent. Mastershares attracted a backwardation charge in Calcutta, as did seven scrips in Bombay. These positive events helped give markets their one moment of glory over the past fortnight, when forward scrips surged by 5 per cent or more in post badla trading on 9 January. SKF Bearings, for example, rose 10 per cent to Rs.1,935 and Century rose 12 per cent to Rs.1,355, while Apollo Tyres, which declared satisfactory results on 7 January, rose 15 per cent to Rs.77. Tata Steel also rose strongly, helped on by the low badla charge as well as the steel price hike of 8 January, to close 7 per cent higher at Rs.1,152.50, up 7 per cent.

Substantial short sales. The situation in Tata Steel was of particular interest to marketmen in the days that followed the lower badla rates and the steel price hike. This was because the general economic situation had induced substantial short sales in the scrip at rates below Rs.1,100. This, combined with the reported purchase of 25,000 shares by institutions for delivery, caused short sellers to indulge in panic short covering.

However, the continued bearish mood of the market ensured that prices did not rise too high (the highest kerb price of Tata Steel was Rs.1,170) and this helped the short-sellers' recovery so that by fortnight's end it was reported that the major short sellers had covered their positions and were ready to sell at higher levels. Tata Steel closed the fortnight at Rs.1,138.75, up by Rs.70.50 over the fortnight.

Cash scrips were also settled on 6 January, leading to a situation similar to that which prevailed in some active cash scrips, notably Finolex. The latter rose over the fortnight from Rs.375 to an alltime high of Rs.420. However, most cash scrips were inactive over the fortnight. Even Searle, which announced a 1 for 2 bonus on 3 January, was quiet.

The effect of the bear phase is best seen in the decline in trading volumes. These averaged over Rs.90 crores as recently as October. Now, however, average daily volumes in cash scrips in Bombay have fallen from Rs.30 crores in October to Rs.3.5 crores during the week ended 5 January (over the same period, daily volume in forward shares in Bombay fell from Rs.60 to Rs.45 crores).

Normally, January is an active month for speculators because several important companies close their financial year in December. Now, however, most companies have shifted year-ends to March. An important exception is Century Industries which has not changed its year end and is expected to declare its annual results before the end of January. Given the general flow of corporate results and Century's prowess in the export market, these results should be excellent. Accordingly, the share has been actively traded of late, and should challenge Tata Steel for market leadership over the next few settlements. Other market favourites, including Tata Locomotive, ACC and Reliance have been inactively traded over the past fortnight.

Odd ones out. Exceptions to this situation include Century Enka on expectations of a rights issue. It rose sharply on active trading over the fortnight to close at Rs.2,510, up 18 per cent . Indrol has also been actively traded on similar expectations and closed at Rs.260, up 6 per cent over the fortnight after falling as low as Rs.225 in pre-badla trades. Hindustan Aluminium also rose on expectations of an aluminium price hike, closing at Rs.164, up from Rs.158 over the fortnight. The scrip has steadily risen over the past few months from Rs.103 on 23 September to Rs.164 on 13 January.

The world price of aluminium in rupee terms is about Rs.35,000 per tonne, a rise of about 50 per cent over the past year, while the Indian price — at Rs.28,000 per tonne — is considerably below the world price. Hence, a price hike appears inevitable, with Hindustan Aluminium a necessary beneficiary.

The flow of corporate news continues to be encouraging. But the market has now turned cautious with the long-term in mind. If the political situation is unhealthy for liberalisation, industry will suffer in the long run, and this consideration currently outweighs short term profits. Its early resolution will probably help markets.

■ RAFIQ DOSSANI

STOCKMARKETS

Company Face value	Year Ended	Equity Rs Cr	Reserves Rs Cr	Book value Rs	Price 13.1.89	1988 High	1988 Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Dividend %	Yield %	Bonus Year	Bonus Ratio
A P SCOOTERS 10	07/87	9.94	-13.25	-3.33	4.50	6.24	2.00	-4.8						
ACC 100	07/88	56.95	101.32	281.09	323.00	425.00	120.50	0.6		538.3	10.0	3.1	86	1:5
AHM CALICO 125	06/87	13.56	20.60	314.90	28.00	41.00	25.00	-180.4		23.8			77	1:7
AHM [illegible] 100	03/88	18.30	66.26	456.61	141.25	150.00	120.00	35.5	17.2	4.0	16.0	11.3	87	1:5
ALFA LAVAL 10	12/87	5.21	15.07	38.93	86.00	102.50	46.00	5.8	3.4	14.7	18.0	2.1	86	1:2
ALLWYN NISSAN 10	06/87	16.54	0.15	10.09	10.00	13.00	3.76	-2.2	-1.3					
AMAL RASAYAN 10	03/88	1.48	2.81	28.99	132.50	150.00	42.00	12.2	9.1	10.9	10.0	0.8		
AMB SARABHAI 10	03/88	[illegible]	[illegible]	9.23	12.75	16.00	10.00	0.8		15.9			82	1:5
AMF [illegible] 10	03/88	5.33	8.92	26.74	67.00	80.00	23.00	3.8	3.5	17.6	22.0	3.3		
ANDHRA CEMENT 10	03/88	18.20	-2.70	8.52	11.75	20.00	7.75	0.7	-4.0	16.8	10.0	8.5	67	1:2
ANDHRA VALLEY 100	03/88	10.51	38.33	464.70	285.00	300.00	142.50	110.9	73.8	2.6	16.0	5.6	75	1:9
ANDREW YULE 10	03/87	9.41	22.81	34.24	17.00	24.00	15.50	2.2		7.7	10.0	5.9	67	2:5
ANNAPURNA FOILS 10	03/88	9.05	0.00	10.00	11.50	17.00	6.00							
APOLLO [illegible] 10	06/88	5.44	1.33	12.44	17.00	20.00	8.50	3.7		4.6	10.0	5.9		
APOLLO TYRES 10	10/88	7.75	14.19	28.31	64.00	85.00	22.75	19.1		3.4	25.0	3.9		
APPLE LEASING 10	09/87	3.56	0.81	12.28	20.25	24.50	11.50	2.0	3.9	10.1	23.0	11.4		
ASEA 10	12/87	5.18	7.33	24.15	47.50	72.50	38.00	2.2	1.4	21.6	18.0	3.8		
ASHOK LEYLAND 10	12/87	21.39	72.03	43.67	64.00	74.00	29.00	3.6	3.8	17.8	18.0	2.8	78	1:2
ASIAN CABLES 10	12/86	3.03	5.00	26.50	26.50	53.75	26.50	4.3	3.9	6.2	17.0	6.4	81	1:3
ASIAN HOTELS 10	09/87	13.64	1.30	10.95	51.00	52.50	28.00	1.8	1.4	28.3	10.0	2.0		
ASIAN PAINTS 10	12/87	12.45	32.81	36.35	216.25	232.50	128.75	10.1	5.2	21.4	30.0	1.4	87	1:2
ASSAM CO [illegible]	06/88	7.00	20.71	39.59	115.00	112.50	90.00	7.6	-5.5	15.1	40.0	3.5	85	1:1
ASSAM FRONTIER 10	06/88	3.00	8.95	39.83	137.50	135.00	91.00	12.0		11.5	50.0	3.6		
ASTRA IDL 10	06/88	2.50	2.17	18.68	37.00	45.00	27.00	2.2		16.8	10.0	2.7		
ATLAS COPCO 10	12/87	7.26	7.96	20.96	43.00	66.00	33.50	1.6	0.2	26.9	16.0	3.7	87	1:2
ATLAS CYCLE 10	06/87	1.15	4.73	51.13	145.00	157.50	36.00	5.0	4.6	29.0	20.0	1.4	87	1:2
AVERY INDIA 10	12/87	4.20	9.34	32.24	113.00	134.00	93.00	8.6		13.1	35.0	3.1	84	2:5
BAJAJ AUTO 10	06/88	18.81	195.82	114.10	398.75	421.25	182.50	15.6		25.6	40.0	1.0	87	1:1
BAJAJ PLASTIC 10	12/87	1.50	4.94	42.93	25.00	36.00	17.00	1.2	-3.8	20.8			86	1:1
BAJAJ TEMPO 10	09/87	6.60	42.10	73.79	105.00	122.50	65.50	3.1	2.5	33.9	12.5	1.2	86	1:1
BAKELITE HYLAM 10	06/88	4.50	18.48	51.07	27.00	31.50	15.00	3.2		8.4	18.0	6.7	80	2:3
BALLARPUR 10	06/88	13.98	268.90	202.35	68.00	73.00	34.00	3.4	2.0	20.0	22.0	3.2	75	1:5
BARODA RAYON 100	06/88	17.00	22.58	232.82	310.00	385.00	140.00	25.4		12.2	15.0	4.8	82	1:2
BASF 10	12/87	4.26	9.72	32.82	110.00	117.50	63.33	4.7	4.6	23.4	20.0	1.8	88	1:2
BATA INDIA 10	12/87	10.50	17.18	26.36	79.00	86.50	52.25	3.7		21.4	15.0	1.9	87	1:1
BATLIBOI 10	09/87	2.79	3.90	23.98	17.00	20.00	10.50	-0.5			10.0	5.9		
BAYER INDIA 100	12/87	16.22	11.19	168.99	640.00	640.00	285.00	27.2	25.5	23.5	16.0	2.5		
BEST & CROM 10	03/88	4.73	18.85	49.85	51.00	85.00	30.00	1.6		31.9	9.6	1.9	82	3:5
BHADRA PAPER 10	09/87	10.57	17.51	26.57	33.00	44.00	22.50	4.2		7.9	20.0	6.1		
BHARAT FORGE 10	09/87	5.27	24.50	56.49	195.00	207.50	103.00	10.2	7.8	19.1	25.0	1.3	81	1:1
BHARAT GEARS 10	07/87	4.03	6.98	27.32	15.00	24.50	10.00	2.1	-2.5	7.1	12.5	8.3		
BIHAR ALLOY 10	12/87	8.20	-11.24	-3.71	38.00	42.00	12.75	1.4	1.3	25.7				
BIMETAL 10	06/88	1.91	7.73	50.47	162.50	145.00	50.00	16.4		9.9	30.0	1.8	81	1:2
BINDAL AGRO 10 •	12/87	3.79	2.85	17.52	75.00	120.00	52.00	11.3		6.6	50.0	6.7		
BIRLA JUTE 10	03/88	20.37	83.19	50.84	47.00	58.00	32.00	0.1	2.6	470.0	14.0	3.0	86	1:1
BIRLA YAMAHA 10	08/87	8.00	0.17	10.21	11.00	16.00	8.25	0.2	-1.8	55.0				
BLOW PLAST 10	07/88	2.00	3.64	28.20	47.50	62.50	29.00	1.7		27.9	15.0	3.2	87	1:1
BLUE STAR 10	06/88	3.55	9.53	36.85	60.00	70.00	37.00	8.1		7.4	18.0	3.0	86	3:5
BOM BURMAH 100	09/87	5.52	14.56	363.77	440.00	510.00	330.00	36.6	21.7	12.0	20.0	4.5	78	1:4
BOM DYEING 10	03/88	11.24	55.99	59.81	119.00	159.50	94.00	17.2	5.0	6.9	30.0	2.5	79	1:1
BOM SUBURBAN 100	03/88	5.85	71.00	1313.88	345.00	350.00	150.00	104.8	53.8	3.3	20.0	5.8	81	1:3
BOOTS 10	03/88	[illegible]	6.76	18.35	110.00	145.00	64.00	5.0	[illegible]	22.0	18.0	1.6	87	1:1
BOROSIL GLASS 10	12/87	2.25	6.83	40.38	65.00	96.00	50.00	5.3	4.0	12.3	20.0	3.1	82	1:2
BRITANNIA 10	11/87	12.38	20.98	28.96	100.00	125.00	75.00	6.4	2.6	15.6	24.0	2.4	87	2:6
BROOKE BOND 10	06/87	24.73	22.90	19.28	104.00	125.00	74.50	5.8	5.4	17.9	30.0	2.9	86	3:5
BURROUGHS [illegible]	08/88	3.00	11.76	49.20	190.00	237.50	115.00	12.7		15.0	15.0	0.8		
C E S C 10	03/87	16.94	62.17	46.70	16.60	18.50	12.50	5.6		3.0	16.0	9.6		
C P TOOLS 100	12/87	4.57	9.43	306.35	400.00	790.00	405.00	57.0	18.0	7.0	18.0	4.5	77	1:3
CABLE CORP 10	12/87	9.00	10.98	22.21	59.00	78.00	28.00	5.2	3.2	11.3	18.0	3.1		
CARRIER AIRCON 10	03/88	6.25	0.00	10.00	27.50	34.00	10.50							
CEAT TYRES 10	06/88	14.78	87.68	69.40	110.00	140.00	52.50	13.6		8.1	27.5	2.5	86	1:2
CEMINDIA [illegible]	09/87	1.28	7.27	86.80	100.00	135.00	82.50	10.2	3.2	9.8	27.0	2.7	84	3:5
CENTURY ENKA 10	12/87	16.61	65.10	491.93	2530.00	2440.00	1080.00	84.0	100.7	30.1	38.0	1.5	86	2:5
CENTURY SPIN 10	12/87	28.62	203.09	862.92	1330.00	1535.00	617.50	58.9	23.8	22.2	24.0	1.8	86	2:3
CHAMPA [illegible]	12/87	2.50	-1.48	4.16	13.50	30.00	12.00	-3.2						
[illegible]	08/87	20.65	13.55	16.58	75.00	80.00	80.00	4.5	2.6	16.7	31.0	4.1	86	3:5
CIFCO FINANCE 10	07/88	4.78	0.40	10.84	8.00	11.00	3.50	1.7		4.7	15.0	18.8		
CITURGIA 10	03/88	3.38	5.02	24.65	102.50	120.00	62.00	8.6	4.2	11.9	35.0	3.4		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	86	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	4.5		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]					[illegible]	[illegible]

Company Face value	Year Ended	Equity Rs Cr	Reserves Rs Cr	Book value Rs	Price 13.1.89	1988 High	1988 Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Dividend %	Yield %	Bonus Year	Bonus Ratio
DCM TOYOTA 10	06/87	15.00	1.25	5.17	13.50	15.00	6.50							
DEEPAK FERT 10	03/88	14.82	7.05	14.76	41.50	52.00	23.00	3.0	1.7	13.8	16.8	4.5		
DEEPAK NITR 10	10/87	2.43	4.01	26.50	58.00	54.00	27.50	4.0	1.9	[illegible]	15.0	[illegible]	85	1:2
DEMPO STEAM 100	06/85	2.00	-9.63	391.50	5.00	6.50	5.00							
DHARAMSI 10	12/87	6.24	10.44	26.73	33.00	38.00	14.00	1.0	1.5	33.0	[illegible]	[illegible]	[illegible]	[illegible]
DR REDDYS 10	12/87	1.37	0.61	15.91	66.75	87.50	46.25	4.5		15.0	[illegible]	[illegible]		
DUNCAN AGRO 100	12/86	2.03	14.11	795.07	150.00	176.00	150.00	92.1		1.6	15.0	[illegible]	77	1:2
DUNLOP 10	03/88	18.99	64.48	43.95	83.00	109.00	65.00	10.6	2.8	7.8	30.0	[illegible]	[illegible]	1:3
E MERCK 10	12/87	5.94	5.04	15.48	55.00	77.50	44.00	2.2	1.2	25.0	16.0	2.9	86	3:5
E I HOTELS 10	03/88	23.84	37.31	25.65	57.50	65.00	36.00	2.9	3.4	19.8	20.0	3.5	84	2:5
EICHER MOTORS 10	04/88	9.96	6.04	3.95	14.00	18.50	5.50	6.4	-4.8	2.2	12.0	8.6		
EID PARRY 10	06/88	6.26	6.72	20.70	38.00	52.50	29.50	4.5		8.4	20.0	5.3		
ELECON ENG 10	12/87	5.65	24.76	53.82	58.00	77.00	42.00	4.6	2.2	12.6	15.0	2.6	87	3:5
ENFIELD 10	06/88	5.04	9.45	26.75	10.00	11.50	8.25	10.4					85	1:1
ENGLISH ELECT 10	03/88	9.00	16.36	26.20	55.25	66.00	47.75	4.9	2.8	11.3	15.0	2.7	87	1:1
ESCORTS 10	12/87	27.65	91.43	43.07	63.00	86.00	36.00	3.0	2.4	21.0	22.0	3.5	86	3:5
ESKAYEF 10	11/87	7.50	14.26	29.01	133.75	165.00	97.00	7.7	4.0	17.4	25.0	1.9	86	1:2
ESSAR SHIPPING 10	12/87	34.67	37.98	20.89	24.75	33.00	15.50	2.2	0.9	11.2	20.0	8.1		
EXCEL 10	09/87	4.62	7.12	25.41	142.00	150.00	34.00	1.3	3.4	109.2	10.0	0.7	84	4:5
FAG PRECISION 100	12/87	3.36	7.09	311.01	330.00	360.00	105.00	9.8	12.8	33.7	10.0	3.0		
FERRO ALLOYS 100	06/88	5.52	18.78	440.22	730.00	680.00	122.50	37.5	31.7	19.5	15.0	2.1	80	1:2
FGP 10	03/88	4.89	5.82	21.90	36.50	37.50	23.75	4.1	3.7	8.9	16.0	4.4	87	1:2
FICOM ORGANIC 10	09/87	1.29	3.07	33.80	180.00	250.00	125.00	17.0	9.7	10.6	30.0	1.7	87	1:1
FINOLEX 10	11/87	3.24	13.72	52.35	412.50	420.00	154.00	25.1	17.8	16.4	40.0	1.0	88	4:5
FIRST LEASING 10	11/87	6.30	8.78	23.94	15.00	20.00	14.00	6.4		2.3	25.0	16.7	88	1:3
FLAKT INDIA 10	12/87	3.40	2.65	18.38	55.00	87.50	44.00	4.3		12.8	20.0	3.6	86	1:3
FOOD SPECIAL 10	12/87	19.20	20.16	20.50	163.75	180.00	93.75	5.6	3.3	29.2	25.0	1.5	86	1:1
FORBES FORBES 10	06/88	4.25	5.78	23.60	45.50	46.00	22.00	2.4		19.0	15.0	3.3	82	2:5
FULFORD 10	12/87	0.80	2.28	36.50	315.00	425.00	50.00	8.8	6.1	35.8	22.0	0.7	88	1:1
G E SHIPPING 10	06/88	55.61	39.18	17.05	36.25	45.65	20.50	3.0		12.6	15.0	3.8	81	2:3
G K W 10	12/86	24.06	20.83	18.66	16.00	18.00	5.50	1.7	1.5				83	1:3
G.T C INDUST 10	06/87	5.00	9.32	26.64	15.00	18.00	12.50	3.9		3.8	25.0	16.7	72	1:4
GABRIEL 10	11/87	2.64	3.33	22.61	31.00	37.00	17.00	1.7	1.7	18.2	18.0	5.8	78	3:5
GAMMON INDIA 10	07/88	2.16	13.46	72.31	160.00	167.50	29.00	1.9		84.2	18.0	1.1	82	2:5
GARDEN SILK 10	03/88	12.57	82.26	75.40	56.25	160.00	47.50	11.1	1.4	5.1	30.0	5.3		
GARWARE NYLON 10	08/88	9.72	13.31	23.69	44.00	56.00	20.00	2.6	1.3	16.9	15.0	3.4	83	1:2
GARWARE POLY 10	06/88	8.31	26.96	44.85	85.00	127.50	72.00	6.5		13.1	20.0	2.4		
GARWARE SHIP 10	03/88	3.75	0.03	10.06	23.00	41.00	10.50	3.6	3.2					
GEN ELECTRIC 10	03/88	7.20	18.90	36.28	55.50	63.00	26.00	3.9	1.9	14.2	12.0	2.2		
GENELEC 10	03/88	2.16	5.79	36.81	57.50	86.00	43.75	6.5		8.8	[illegible]	2.6	84	1:1
GEORGE WILL 10	06/87	6.30	19.69	41.25	110.00	120.00	82.50	7.6	5.0	14.5	35.0	3.2	88	4:5
GERMAN REME 10	12/87	3.26	4.93	25.12	64.00	77.00	30.00	2.9		22.1	10.0	1.6	82	3:5
GLINDIA 10	06/88	20.00	30.27	25.14	73.50	104.00	51.50	5.1		14.4	20.0	2.7	80	1:3
GODFREY PHILIPS 10	12/86	2.60	3.24	22.46	31.25	45.00	10.00	3.4	2.4	9.2	25.0	8.0	75	[illegible]
GOETZE 10	06/88	6.93	12.40	27.89	63.00	65.00	25.00	5.5		11.5	22.0	3.5	76	4:5
GOKAK PATEL 10	06/88	6.52	16.51	35.32	81.00	85.00	60.00	10.7		7.6	20.0	2.5	87	[illegible]
GOOD NEROLAC 10	06/88	3.24	5.06	25.68	81.00	75.00	45.00	2.0		40.5	20.0	2.5	78	[illegible]
GOODYEAR 10	12/87	7.48	24.67	42.98	83.00	87.00	48.00	11.6	6.2	7.2	30.0	3.6	77	2:5
GRAMOPHONE 10	09/87	4.37	-11.43	36.16	6.50	7.75	4.00	-13.5						
GRASIM 10	03/88	37.78	101.81	36.95	82.00	93.50	46.60	4.1	4.1	20.0	27.5	3.4	88	3:4
GREAVE COTTON 100	06/88	6.57	22.38	440.33	615.00	610.00	295.00	85.2		7.2	22.0	3.6	88	1:2
GUJ ALKALIES 10	03/88	17.90	29.78	26.64	66.00	71.50	29.00	2.4	1.3	27.5	26.0	3.9	87	1:5
GUJ AMB CEM 10	06/88	19.99	4.01	12.01	20.75	28.00	11.00	2.1		9.9	[illegible]	5.3		
GUJ NARMADA 10	06/88	98.97	103.48	21.63	54.50	62.00	27.00	2.7		20.2	18.0	3.3		
GUJ STATE FERT 10	12/87	26.95	170.03	73.09	146.25	174.00	75.00	10.1	5.2	14.5	30.0	2.1	87	1:2
HARRISON 10	03/88	9.10	15.62	27.16	50.00	75.00	36.00	5.6	2.5	5.9	25.0	5.0	87	2:5
HERDILLIA CHEM 10	06/88	7.35	36.64	59.85	67.50	72.00	41.00	7.6		8.9	25.0	3.7	79	1:2
HERO HONDA 10	06/88	15.60	1.94	11.24	32.00	40.00	15.00	1.2		26.7				
HIND ALLOY 10	12/87	5.89	2.20	13.74	98.00	102.50	28.75	2.4	2.9	40.8	20.0	2.0		
HIND ALUM 10	12/87	15.89	166.64	114.87	164.00	158.00	72.50	8.8	5.3	18.6			88	[illegible]
HIND BROWN 100	04/88	5.47	23.08	521.94	660.00	900.00	765.00	64.2		10.3	[illegible]	[illegible]	79	[illegible]
HIND CIBA 100	12/87	[illegible]	31.79	279.50	640.00	691.00	300.50	38.1	15.5	16.5	[illegible]	[illegible]	80	[illegible]
HIND COCOA 10	06/88	8.40	9.69	21.54	103.75	123.75	67.50	4.5		23.1	20.0	1.6	87	[illegible]
HIND DEVELOP 10	12/87	8.92	82.95	103.04	90.00	112.50	65.00	5.8	6.5	15.5	[illegible]	[illegible]	88	[illegible]
HIND DORR-OLIVER 10	11/87	2.38	10.79	55.34	140.00	215.00	95.00	16.4	[illegible]	8.5	[illegible]	[illegible]	88	
HIND FERODO 10	12/87	5.50	1.19	12.16	19.00	23.00	16.00	1.3	2.6	14.4	[illegible]	[illegible]	82	[illegible]
HIND LEVER 10	12/87	[illegible]	[illegible]	19.66	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
HIND MOTOR 10	03/88	[illegible]	[illegible]	[illegible]	[illegible]	34.00	[illegible]	[illegible]			[illegible]		[illegible]	
HMM 10	04/88	[illegible]	93.90	[illegible]	[illegible]	[illegible]	[illegible]	6.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
HOECHST 100	12/87	9.58	[illegible]	364.61	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
HOGANAS 10	10/87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]					
HOTEL [illegible] 10	06/88	8.98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]						
HOUSING DEV FIN 100	06/88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]		[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	12/87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	

Company Face value	Year Ended	Equity Rs Cr	Reserves Rs Cr	Book value Rs	Price 13.1.89	1988 High	1988 Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Dividend %	Yield %	Bonus Year	Bonus Ratio
A CEMENT 10	[illegible]	4.96	46.92	105.76	27.50	27.00	14.50	3.0		9.2	12.0	4.4	70	2:5
A GYPSUM 10	[illegible]	4.50	3.00	10.00	15.00	17.00	9.50	-5.9	-2.0					
A POLYFIBRES 10	12/87	29.75	-2.73	9.08	8.25	9.00	4.24							
A STEAMSHIP 10	[illegible]	4.95	56.15	121.62	13.70	16.50	4.15	-18.9					75	1:1
AN ALUM 10	12/87	41.16	49.09	21.93	53.00	53.00	24.00	0.9	0.7	58.9	14.0	2.6	77	2:5
AN DYESTUFF 100	[illegible]	9.41	35.98	482.36	220.00	350.00	177.50	4.8		45.8	15.0	6.8	80	1:4
AN HOTEL 10	[illegible]	9.86	41.97	52.57	127.50	140.00	95.00	6.8	3.0	18.8	30.0	2.4	82	2:5
AN ORGANIC 10	03/88	18.40	17.03	19.26	43.00	51.00	15.00	-6.2	0.2				85	1:2
AN OXYGEN 10	09/87	14.80	29.94	30.51	46.50	43.50	29.00	2.2		21.1	16.0	3.4	85	1:3
AN RAYON 10	[illegible]	25.40	118.40	56.61	83.50	93.00	46.00	1.9		43.9	28.0	3.4	80	1:4
AN SEAMLESS 10	12/87	2.21	4.01	26.14	120.00	135.00	47.00	9.5	5.9	12.6	18.0	1.5		
OGULF FERT 10	03/88	165.00	0.00	10.00	22.75	28.00	10.50							
ROL 10	06/88	5.09	14.58	38.64	260.00	291.25	135.00	8.7		29.9	26.0	1.0	86	1:1
O NISSAN 10	12/87	6.00	1.21	12.02	27.00	31.50	18.00	5.6	2.9	4.8	10.0	3.7		
ERSOLL 10	12/87	7.89	21.32	37.02	320.00	370.00	212.50	11.0	4.8	29.1	30.0	0.9	86	1:1
EXCHANGE 10	04/88	3.46	7.20	30.81	72.00	87.00	38.75	4.3		16.7	20.0	2.8	88	4:5
ATA 10	12/87	12.00	-15.79	-3.16	15.00	22.50	8.75	-6.9		6.7				
10	[illegible]	33.17	144.82	53.66	48.00	64.00	30.00	7.5		6.4	35.0	7.3	81	1:5
CHEMICAL 10	[illegible]	3.00	2.84	19.47	30.00	44.00	21.00	4.4		6.8	20.0	6.7		
NDUST 10	[illegible]	14.54	15.51	21.05	60.00	70.00	25.00	10.8		5.7	20.0	3.3	67	1:1
SYNTHETIC 10	[illegible]	38.51	119.26	40.97	83.25	94.00	45.50	2.2	1.5	37.8	20.0	2.4	83	1:3
ANT VITAMIN 10	[illegible]	3.87	5.11	23.20	47.50	63.00	24.50	4.8		9.9	21.0	4.4	87	2:5
YANI BRAKES,10	06/88	3.90	-4.84	-2.41	31.00	42.00	14.50	1.3		23.8				
YANI STEEL 10	06/88	1.13	11.41	110.97	550.00	600.00	250.00	31.9		17.2	85.0	1.5	88	1:1
VINATOR 10	[illegible]	3.55	25.48	81.77	127.50	150.00	38.00	18.5		6.9	20.0	1.6	84	1:1
ORAM 10	[illegible]	8.86	52.23	69.02	60.50	71.00	32.50	3.4	0.7	17.8	23.5	3.9	79	1:2
OAY DIST 10	[illegible]	6.00	6.86	24.80	30.00	56.00	33.00	3.1	2.2	12.6	20.0	5.1		
ETIC ENGG 10	[illegible]	1.20	18.15	161.25	375.00	410.00	161.25	31.3		12.0	40.0	1.1	88	1:1
ETIC HONDA 10	[illegible]	3.99	2.63	12.63	30.00	40.00	18.75	-5.9	0.6					
L CUMMINS 10	09/88	26.40	41.33	25.66	79.50	100.00	48.00	4.3		18.5	22.5	2.8	86	1:1
L PNEUMATIC 10	09/87	3.85	3.35	18.73	61.25	72.50	15.00	1.8	5.0	34.0	12.5	2.0		
LOSKAP OIL 10	[illegible]	6.71	11.55	27.21	67.00	60.00	12.00	4.4		15.2	6.0	0.9	76	3:7
CKNEP WINC 10	12/87	4.50	3.27	17.27	102.50	122.50	81.25	4.4	2.9	23.3	21.0	2.0	88	1:2
PUMPS 10	12/87	4.35	11.98	37.54	313.75	398.25	220.00	12.3	6.3	25.5	20.0	0.6	86	1:1
ME 10	[illegible]	2.10	6.86	42.67	101.25	145.00	61.25	5.3		19.1	27.5	2.7	86	2:5
SEN TOUBRO 10	[illegible]	60.75	235.96	48.84	122.00	148.50	75.50	5.1		23.9	21.0	1.7	86	3:5
ON 10	[illegible]	15.75	8.19	15.20	73.00	84.00	52.00	4.8		15.9	22.0	3.0		
YD STEEL 10	[illegible]	3.38	4.24	22.54	33.00	46.00	17.00	2.5	2.2	13.2	22.0	6.7		
10	[illegible]	21.05	8.64	14.10	13.37	19.50	9.00	-2.9	0.6				80	4:5
NEIL MAGOR 10	[illegible]	2.74	41.38	161.02	44.50	47.75	43.75	2.3		19.3	7.0	1.6		
RAS CEMENT 100	12/87	3.02	18.65	717.56	780.00	860.00	315.00	-153.3	-79.5					
URA COATES 10	[illegible]	21.96	92.32	52.04	95.00	101.00	60.00	6.2		15.3	30.0	3.2	86	1:2
ATLAL FINE 100	[illegible]	14.48	24.38	268.37	215.00	225.00	140.00	6.0	14.7	35.8	16.0	7.4	80	1:3
ATLAL IND 100	[illegible]	16.20	52.98	427.04	335.00	350.00	200.00	14.4	4.5	23.3	20.0	6.0	78	1:5
ON & MAHIN 10	[illegible]	19.26	102.06	62.99	81.00	124.00	48.50	5.5	2.3	14.7	22.0	2.7	84	2:3
MORA ENGINE 10	[illegible]	7.30	17.76	34.33	100.00	110.00	48.00	6.8		15.2	25.0	2.5	88	1:2
GALAM CEM 10	12/87	7.11	11.31	25.91	24.00	30.50	13.00	2.8	1.7	8.6	15.0	6.2		
GALORE CHEM,10	[illegible]	18.99	13.98	17.36	47.00	56.00	15.25	0.1	-0.5	470.0	10.0	2.1		
TERSHARE 10	06/88	150.00	63.00	14.20	15.75	21.00	9.25	4.2		3.8	13.0	8.3		
HER PLATT 10	06/88	10.24	6.47	16.32	62.50	85.00	27.35	3.8		17.4	25.0	4.0	87	3:5
INDIA 10	[illegible]	2.79	1.78	16.38	58.00	58.00	30.00	5.0		11.8	20.0	3.4		
& BAKER 10	12/87	4.50	7.18	25.98	60.00	58.00	34.00	3.1	1.7	19.4	10.0	1.7		
SA INDUST 10	06/87	4.32	2.32	15.37	15.00	21.00	11.00	4.5	2.2	3.3	25.0	16.7		
OWE 10	[illegible]	7.58	25.89	43.71	83.75	105.00	72.50	11.3		7.4	20.0	2.4	86	1:1
FOD RUSSEL 10	06/87	6.25	17.13	37.41	98.75	130.00	85.00	8.1	5.2	12.2	45.0	4.6	87	1:1
AL BOX 10	[illegible]	14.88	12.54	1.46	7.50	10.50	4.24	-4.0	-5.0				67	1:2
C INDIA 10	12/87	5.64	5.91	24.22	165.00	180.00	52.00	9.8	4.8	16.8	30.0	1.8	87	3:5
EFOODS 10	12/87	1.14	4.49	49.39	230.00	290.00	75.00	8.9	•12.4	25.8	25.0	1.1	87	1:1
INDUSTRIES 10	[illegible]	3.13	12.78	56.83	31.25	85.00	25.00	11.9	26.0		6.0	1.9	69	1:5
RUBBER 10	[illegible]	19.32	41.59	50.07	90.00	122.50	43.00	14.3		6.3	25.0	2.8	84	2:5
XEROX 10	[illegible]	17.46	0.17	10.10	60.00	75.00	21.50	2.9		20.7				
OR INDUST 100	12/87	38.95	46.32	221.73	590.00	700.00	447.50	29.4	14.5	20.1	12.0	2.0	86	1:1
10	[illegible]	3.86	23.30	70.36	340.00	400.00	127.00	26.1		13.0	40.0	1.2	75	1:2
ANG IRON 10	[illegible]	14.72	67.32	55.73	33.00	102.00	49.02	8.1		11.5	15.3	1.6	88	1:2
ORE CEMENT 10	[illegible]	18.22	22.61	22.41	23.50	28.00	18.00	1.1	0.5	21.4	17.5	7.4	85	2:5
AR FINANCE 10	[illegible]	2.44	2.75	21.07	13.00	14.00	10.75	5.5	0.4	2.4	23.0	17.7		
ON PEROXIDE 100	[illegible]	2.30	9.92	492.17	1015.00	1575.00	820.00	77.8		13.0	30.0	3.0		
ONAL RADIO 100	12/87	6.82	2.77	141.84	130.00	175.00	97.50	10.6	3.5	12.3				
ON 10	[illegible]	15.78	27.98	27.18	12.50	15.00	5.00	27.1	0.1				82	1:2
100	12/87	38.00	55.62	254.50	775.00	990.00	390.00	48.2	32.6	16.1	20.0	2.6	86	1:2
SA CEMENT 10	12/87	5.46	31.50	68.33	35.00	38.00	29.25	7.3	0.5	4.8	20.0	5.7	87	1:1
10	[illegible]	46.84	54.77	71.03	25.50	51.00	17.00	1.4	1.1	18.2	[illegible]	8.2		
AL AGRO 10	[illegible]	28.52	81.87	38.84	95.50	129.50	57.00	2.8		34.1	50.0	5.2	87	3:5
AL PURANE 10	12/87	[illegible]	[illegible]	15.00	52.00	75.00	22.25							
ELEVATORS 10	[illegible]	5.54	9.62	29.09	180.00	225.00	161.25	7.6	2.6	23.7	25.0	1.4	85	1:1
10	[illegible]	[illegible]	3.95	14.86	47.50	55.00	31.00	2.3	1.4	18.5	25.0	5.9	78	3:5

Company Face value	Year Ended	Equity Rs Cr	Reserves Rs Cr	Book value Rs	Price 13.1.89	1988 High	1988 Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Dividend %	Yield %	Bonus Year	Bonus Ratio
PEICO 10	12/87	33.32	53.59	26.08	25.00	40.00	21.50	1.2	-1.2	20.8	10.0	4.0	82	1:5
PFIZER,10	11/87	11.72	15.65	23.35	68.00	90.00	50.00	0.3	0.4	226.7	10.0	1.5	77	4:5
POLYCHEM,10	03/88	4.10	9.92	34.20	97.00	106.00	55.00	13.2	5.6	7.3			86	1:2
POLYOLEFINS,100	12/87	19.30	24.65	227.72	930.00	920.00	515.00	53.0	45.1	17.5	28.0	3.0	88	1:2
PONDS,10	06/87	6.66	11.36	27.04	170.00	250.00	127.50	5.4	3.8	31.5	40.0	2.4	87	1:1
PREMIER AUTO,10	06/88	16.20	103.38	73.81	45.00	58.00	23.00	6.9		6.5	25.0	5.6	86	1:1
PROCTER & GAM,10	06/88	3.71	10.35	37.90	240.00	435.00	257.50	12.6		19.0	50.0	2.1	88	4:5
PSI DATA,10	09/87	1.38	0.65	14.71	20.00	38.00	10.25	1.8		11.1	17.0	8.5		
RALLIS,10	04/88	9.52	30.00	41.51	127.50	137.50	80.00	5.9	5.3	21.6	27.5	2.2	77	3:1
RANBAXY 10	12/87	5.22	12.72	34.37	81.50	92.50	68.00	5.2	2.6	15.7	20.0	2.5	88	2:5
RAYMONDS 10	03/88	22.47	50.11	32.30	73.00	76.00	41.50	3.8	2.5	19.2	25.0	3.4	87	1:1
RECKITT COLMAN,10	12/87	8.40	13.80	26.19	130.00	155.00	92.50	6.5	3.4	20.0	30.0	2.3	88	1:1
REGENCY CERAMIC,10	04/87	3.97	-1.29	6.75	13.00	24.00	10.00	-3.9	-2.7					
RELIANCE,10	06/88	152.10	864.22	66.82	134.00	231.00	69.00	5.2		25.8	55.0	4.1	83	3:5
REMINGTON,10	03/88	2.67	4.34	26.25	39.00	40.00	24.75	4.1	2.6	9.5	20.0	5.1	86	1:2
REVATHI C.P,10	06/88	1.60	3.12	29.50	127.50	140.00	51.50	7.2		17.7	20.0	1.6	87	1:1
ROCHE PRODUCTS,10	12/87	4.81	5.38	21.19	60.00	87.50	34.00	2.3	1.4	26.1	14.0	2.3	80	1:3
ROSS MURARKA,10	06/87	3.74	3.29	18.80	16.00	17.00	10.50	4.7	3.4	3.4	26.0	16.2		
S.I.VISCOSE,100	03/88	11.03	13.06	218.59	675.00	810.00	215.00	74.0	45.3	9.1	25.0	3.7	87	1:2
SAMTEL,10	12/87	3.65	7.92	31.70	97.50	105.00	33.25	6.3	6.2	15.5	25.0	2.6	86	1:3
SANDOZ,10	12/87	5.30	19.66	47.13	87.50	95.00	59.00	3.0	1.4	29.2	16.0	1.8	84	2:7
SANDVIK ASIA,100	12/87	5.78	7.54	230.45	642.50	720.00	575.00	23.6	10.7	27.2	20.0	3.1	84	1:1
SCINDIA,20	06/87	18.95	3.79	24.00	7.00	9.50	1.76	-30.9					77	2:5
SEARLE,10	12/87	3.48	14.57	51.87	180.00	195.00	92.00	8.0	1.2	22.5	20.0	1.1	88	1:2
SESA GOA,10	03/88	5.15	9.42	28.29	30.00	45.50	16.00	1.6		18.8	10.0	3.3	86	2:5
SHAW WALLACE,10	06/88	12.00	22.86	29.05	94.00	102.00	52.00	8.1		11.6	35.0	3.7	87	1:1
SHRI RAM FIBRES,10	09/87	10.33	22.89	31.97	67.00	69.00	34.50	2.7		24.8	20.0	3.0	82	1:2
SIEMENS,10	09/88	20.77	40.04	29.28	84.00	120.00	56.50	3.3		25.5	16.0	1.9	86	1:4
SILTAP CHEMICAL,10	03/88	1.80	-0.76	5.78	62.50	80.00	47.50	-4.2						
SIPTA COATED,10	10/87	9.42	1.84	11.95	21.50	25.50	15.00	3.1	2.6	6.9	15.0	7.0		
SKF BEARINGS,100	12/87	12.35	30.44	346.48	1900.00	2420.00	1058.00	87.8	68.1	21.6	22.0	1.2	86	2:5
SOUTHERN PETRO,10	12/87	34.00	267.86	88.78	51.00	68.00	22.75	1.5	-7.2	34.0	15.0	2.9	86	1:1
SPARTEK,10	06/88	2.85	6.19	31.72	82.50	110.00	58.00	13.2		6.2	25.0	3.0		
SPECIAL STEEL,100	12/87	7.59	10.79	242.16	725.00	825.00	575.00	104.7	67.3	6.9	15.0	2.1	73	1:1
STANDARD MILLS,100	03/88	11.06	75.27	780.56	245.00	390.00	190.00	37.0	11.1	6.6	16.0	6.5	82	2:5
STANDARD MOTOR,10	12/86	2.32	3.98	27.16	9.75	11.85	7.50	-18.1					85	1:1
STRAW PRODUCTS,10	12/87	10.14	73.81	82.59	48.00	48.00	29.50	4.0	1.3	12.0	20.0	4.2	72	1:2
SU-RAJ DIAMOND,10	04/88	4.77	4.37	19.16	79.50	94.00	15.00	9.1	6.5	8.7	15.0	1.9		
SUND CLAYTON,10	05/88	9.48	23.99	35.31	46.00	53.75	29.25	9.9		4.6	25.0	5.4	87	2:3
SUND FASTENERS,10	03/88	5.10	9.80	29.22	53.75	82.50	53.75	4.6	3.9	11.7	25.0	4.7	88	3:5
SUND FINANCE,10	03/88	6.00	11.46	29.10	48.00	57.50	25.50	7.8	4.3	6.2	20.0	4.2	86	1:1
SUPREME INDUST,10	06/88	1.80	3.70	30.56	227.50	250.00	137.50	25.4		9.0	36.0	1.6	87	1:1
SWAD POLYTEX,10	09/88	3.90	36.01	102.33	40.00	43.00	21.50	8.5	8.7	4.7	30.0	7.5		
SYNTH & CHEM,10	03/88	5.81	4.80	18.26	61.50	70.00	28.50	3.9	4.1	15.8	21.0	3.4		
TATA CHEMICALS,10	03/88	44.50	192.06	53.16	106.50	119.00	56.00	5.9	3.4	18.1	30.0	2.8	85	2:5
TATA LOCO,100	03/88	90.97	212.99	334.13	702.50	785.00	340.00	45.0	6.8	15.6	23.0	3.3	82	2:5
TATA OIL,25	03/88	8.11	19.78	85.97	70.00	87.00	55.00	4.2	0.3	16.7	10.0	3.8	81	1:5
TATA POWER,100	03/88	21.22	68.24	421.56	360.00	451.50	175.00	89.1	60.8	4.0	16.0	4.4	75	1:5
TATA PRESS,10	03/88	1.57	5.86	47.32	50.00	55.00	33.00	4.5	2.1	11.1	18.0	3.6		
TATA STEEL,100	03/88	136.01	476.33	450.22	1138.75	1100.00	568.75	67.8	39.7	16.8	25.0	2.2	86	2:5
TATA TEA,10	12/87	12.21	54.82	54.90	130.00	127.50	65.63	8.9	2.1	14.6	45.0	3.5	88	3:5
TATA UNISYS,10	12/87	4.38	3.82	18.26	82.50	107.50	60.00	3.5	2.2	23.6	22.0	2.7	87	2:5
TEXMACO,10	12/86	1.87	11.06	69.14	34.25	38.00	17.00	-208.6						
TINPLATE,10	03/88	10.14	8.26	18.15	22.00	28.00	15.50	2.8		7.9	10.0	4.5		
TUBE INVESTMENT,10	12/87	5.73	28.62	59.95	46.00	55.00	22.00	7.0		6.6	20.0	4.3	85	1:3
TUTICO ALKALIES,10	12/87	12.94	-2.63	7.97	14.00	20.00	11.00		-1.3					
TVS SUZUKI,10	02/88	23.10	-8.59	6.28	18.00	22.25	8.50		1.4					
TWENT CENT 10	03/88	8.88	8.76	19.86	20.00	20.71	12.14	4.2	1.9	4.8	25.7	12.8	88	2:5
UNION CARBIDE,10	12/87	32.58	38.04	21.68	21.75	26.00	10.00	1.1		19.8	12.0	5.5	80	1:2
UNIT BREWERIES 10	06/88	4.00	9.53	33.82	48.00	48.00	36.50	7.1		6.8	20.0	4.2	86	1:1
UNIT PHOSPHORUS,10	12/87	2.80	2.86	19.50	39.00	61.00	32.50	0.4	-1.1	97.5	10.0	2.6		
UPCOM CABLES,10	12/87	5.92	0.04	10.07	35.00	49.00	21.75	0.1	0.9	350.0				
VAM ORGANIC,10	04/88	5.16	11.72	32.71	153.00	143.00	78.00	9.2	9.5	16.6	30.0	2.0		
VARELI,10	03/88	7.29	13.49	28.50	28.75	62.50	22.50	5.7	0.7	5.0	22.0	7.7		
VIDEOCON 10	09/88	2.75	1.59	15.78	72.50	75.00	18.87	6.5		11.2	18.0	2.5		
VINDHYA TELE,10	03/88	3.90	3.34	18.56	125.00	145.00	68.00	11.3	7.6	11.1	20.0	1.6		
VOLTAS 100	08/88	12.78	31.29	344.84	520.00	580.00	230.00	75.9		6.9	22.0	4.2	81	1:4
VST INDUSTRIES,10	09/87	6.03	12.00	29.90	31.00	30.50	19.00	4.6	2.3	6.7	29.0	9.4	77	3:5
WAL NAGAR 100	09/87	3.00	35.39	1279.67	15.00	12.50	7.00	1.1	-5.8	13.6			82	1:2
WARREN TEA,10	03/88	3.90	11.49	39.46	72.50	70.00	50.50	8.9		8.1	30.0	4.1	86	1:5
WIMCO 10	12/87	8.45	9.56	21.31	25.00	30.75	11.00	5.8	-4.6				70	1:5
ZENITH,10	06/87	9.15	13.04	24.25	71.00	81.00	38.00	2.5	3.5	28.4	30.0	4.2	87	1:4
Z F STEERING 10	06/88	2.25	0.80	13.56	62.50	80.00	30.00	3.3	2.0	18.9				
ZUARI 10	12/87	12.43	49.38	49.73	75.00	90.00	34.00	3.5	0.3	21.4	25.0	3.3		

Note: EPS: This represents the earnings after tax for the full year divided by the number of shares outstanding. EPS half year: after tax earnings per shares for six months taking into account announced half yearly profits. PE: ratio of market price to after tax per share. Yield: dividend as a percentage of market price.

DEBENTURES

Company	Face Value	Market lot	Type	Rate %	Size Rs lacs	Price Rs	Date	Yield %	Interest due date	Redemption date	Book closure
ASEA	100	10	NCD	13.5	252.0	85.00	13 01 89	15.88	30.6,31.12	31 10 96	31 12 88
ASHOK LEY.A	64	5	NCD	13.5	521.0	55.00	30/11/88	15.71	31.3,30.9	3/4/96	16 9 88
ASHOK LEY.B	64	5	NCD	13.5	1043.0	55.00	05 12 88	15.71	31.3,30.9	3 4 96	16 9 88
ASHOK LEY.C	100	5	NCD	15.0	815.0	105.00	20/12/88	14.29	31.3,30.9	3/4/91	16/9/88
ATASH IND	75	10	CD	15.0	300.0	60.00	13/01/89	18.75	31.3,31.7	17/3/94	18 7 88
BATLIBOI	100	25	NCD	15.0	510.0	87.00	13 01 89	17.24	30.4,31.10	11 4 93	15 10 88
BIRLA JUTE	200	5	NCD	13.5	999.0	165.00	20 12 88	16.36	30.9,31.3	7 2 96	15 9 88
BLUE BLEND	200	10	NCD	13.5	625.0	92.50	06/01/89	29.19	31.1,30.6	4/11 96	1 6 88
CONT. CONST.	100	10	NCD	15.0	1750.0	78.75	13 01 89	19.05	1.1.1.7	4 10 95	14 6 88
DR REDDY'S	100	10	CD	15.0	163.0	85.00	13 01 89	17.65	30.6,31.12	4 6 96	16 6 88
DUNLOP	150	5	NCD	13.5	120.0	135.00	05/01/89	15.00	15.7,15.1	30/6/89	31/12 88
E.I.HOTELS	50	10	NCD	13.5	1566.0	44.00	09 12 88	15.34	10.4,10.10	10 4 94	21 9 88
ELECON ENG	45	5	NCD	13.5	247.0	39.00	13 01 89	15.58	30.6,31.12	12 3 94	1 6 88
ESSAR SHIP	75	10	NCD	13.5	100.0	62.50	13 01 89	16.20	15.4,15.10	15 4 94	21 6 88
F.G.P.	100	5	NCD	13.5	168.0	80.00	20 12 88	16.88	31.3,30.9	19 11 92	13 9 88
FERRO ALLOY	250	2	NCD	13.5	750.0	220.00	01 11 88	15.34	30.6,31.12	1991	8 6 88
FORBES	100	10	NCD	13.5	600.0	88.00	13 01 89	15.34	1.4,1.10	2 4 94	10 9 88
GARDEN SILK	100	10	NCD	12.5	300.0	71.50	13 01 89	17.48	31.3,30.9	31 3 97	17 3 88
GRASIM IND	120	5	NCD	13.5	100.0	116.00	13 01 89	13.97	31.3	30 6 97	15 3 88
GUJ ALKALI	140	5	NCD	13.5	700.0	126.00	06 01 89	15.00	28.2,31.8	1 8 93	17 8 88
HIND FERODO	100	5	CD	13.5	206.0	82.50	11 01 89	16.36	30.6,31.12	14 12 92	10 6 88
HOECHST	100	5	NCD	15.0	383.0	102.50	13 01 89	14.63	1.5,1.11	14 9 91	12 4 88
I.T.C.	500	1	NCD	15.0	500.0	510.00	13 01 89	14.71	1.7	30 6 90	14 6 88
IND HOTEL	75	10	NCD	13.5	1123.0	70.00	11/01/89	14.46	1.4,1.10	26/4/92	23/8/88
IND HOTEL	100	10	NCD	12.5	2708.0	80.00	23 12 88	15.62	15.6,15.12	14 6 94	3 5 88
IND RAYON	80	5	NCD	12.0	801.0	68.00	11 01 89	14.12	30.6,31.12	6 4 93	10 6 88
IND RAYON	112	5	NCD	13.5	1668.0	101.00	13 01 89	14.97	30.6	18 2 95	10 6 88
J.K. SYNTH	120	4	NCD	13.5	1875.0	105.00	13 01 89	15.43	1.1,1.7	1 4 92	1 6 88
JINDAL STR	100	10	NCD	15.0	600.0	87.50	13, 01, 89	17.14	30.6,31.12	14, 4, 94	15, 6 88
KALY STEEL	100	5	NCD	15.0	67.0	105.00	05/12/88	14.29	30.6,31.12	7/6/91	19/6/88
KESORAM	90	5	NCD	13.5	1890.0	79.00	05 01 89	15.38	30.6,31.12	11 3 95	6 9 88
KLOCK WIND	100	10	CD	13.5	138.0	90.00	13 01 89	15.00	28.2,31.8	30 6 93	17 8 88
KOTH FOOD	100	10	CD	15.0	475.0	81.00	16 12 88	18.52	31.3,30.9	30 6 91	7 9 88
L & T RTC	60	5	CD	13.5	360.0	58.00	06 01 89	13.97	1.1,1.7	30 6 90	13 9 88
L & T-IV	60	10	CD	13.5	2626.0	57.50	07, 12, 88	14.09	1.4,1.10	1, 10, 88	13, 9 88
LAKME	75	10	NCD	13.5	100.0	72.00	06/12/88	14.06	30.6,31.12	9/6/94	1/6/88
LML	115	5	CD	13.5	828.0	75.00	15 12 88	20.70	30.4	30 6 91	16 4 88
LYKA LABS	100	10	NCD	15.0	240.0	88.75	13 01 89	16.90	30.6,31.12	30 6 93	15 6 88
MAY & BAKER	100	5	NCD	15.0	300.0	100.00	11 01 89	15.00	30.6,31.12	9 9 94	16 6 88
MAZDA IND	100	10	NCD	13.5	625.0	76.00	13/01/89	17.76	1.4,1.10	5/4/93	6/9/88
MUKAND	125	5	NCD	13.5	437.0	125.00	23 12 88	13.50	1.1,1.7	30 6 88	10 6 87
PRESTIG FOOD	150	10	CD	13.5	25.0	62.50	23 12 88	32.40	31.12,30.6	30 6 92	5 6 87
RAYMOND WOOL	400	1	CD	12.0	480.0	350.00	09 12 88	13.71	31.3,30.9	30 6 89	1 9 88
RAYMOND WOOL	400	1	NCD	13.5	1920.0	365.00	13/01/89	14.79	31.10	30/10/92	1/9/88
REL F CUM	100	10	NCD	15.0	27000.0	152.50	13 01 89	9.84		30 9 95	11 8 88
RELIANCE E	100	5	NCD	13.5	5335.0	91.00	13 01 89	14.84	30.4	30 6 97	17 4 88
RELIANCE F	100	10	NCD	15.0	300.0	102.50	13 01 89	14.63	20.2,31.8	30 9 95	1 8 88
SANDOZ	100	10	NCD	13.5	69.0	92.00	06 12 88	14.67	30.6,31.12	24 4 95	11 6 88
STEELAGE	100	10	NCD	13.5	132.0	80.00	13/01/89	16.88	1.5,1.11	30/6/94	12 10/88
TATA PRESS	120	5	NCD	13.5	195.0	109.00	06 01 89	14.86	31.3,30.9	11 11 96	14 9 88
TATA STEEL	200	5	NCD	13.5	2011.0	200.00	13 01 89	13.50	1.4,1.10	1 3 92	
TATA UNISYS	100	10	CD	12.0	250.0	82.50	13/01/89	14.55	1.1,1.7	30/6/98	10/6 87
TITAN WATCH	200	10	NCD	13.5	1312.0	163.00	13/01/89	16.56	15.6,31.12	5/3/97	15/11/88
TRANSPORT CO	100	10	NCD	15.0	400.0	74.00	13/01/89	20.27	31.3,30.9	30/6/93	13 9 88
TTK PHARM	100	10	NCD	15.0	143.0	87.50	13 01 89	17.14	30.5,30.11	1 3 92	12 5 88
TWENT CENT	100	5	NCD	13.5	300.0	77.50	07, 07, 88	17.42	30.4,30.10	23 8 90	21 9 88
UNITECH	100	15	NCD	15.0	264.0	75.00	13/01/89	20.00	30.6,31.12	25/4/94	16/6/88
UNIV LUGGAGE	100	10	NCD	15.0	144.0	82.50	13/01/89	18.18	1.6,1.12	26 3 96	12 11 88
USHA MARTIN	100	5	NCD	13.5	934.0	82.50	13/01/89	16.36	31.3,30.9	29 10/95	15 9 88
V.I.P. IND	100	10	NCD	15.0	960.0	85.00	13 01 89	17.65	31.1,31.7	22 4 93	8 7 87
VARELI TEXT	100	10	NCD	15.0	862.0	81.25	13/01/89	18.46	31.3,30.9	30/6/93	1 9 88
VARUN SHIP	100	10	NCD	15.0	175.0	80.00	11/01/89	18.75	31.5,30.11	20 8 93	16 11 88
VOLTAS	300	1	NCD	15.0	900.0	305.00	13/01/89	14.75	28.2,31.8	1/3/91	2 8 88
VOLTAS	150	2	CD	13.5	300.0	137.50	6 10 88	14.73	30.6,31.12	30 6 91	2 9 88
W.I.ENTER	100	5	CD	15.0	615.0	92.00	11/01/89	16.30	1.10,1.4	12 6 95	16 9 88
ZENITH	80	5	NCD	13.5	480.0	105.00	13/01/89	10.29	1.5,1.11	30 7 92	18 4 88

Note: CD convertible debenture; NCD non-convertible debenture including debentures that were earlier partially convertible for which the conversion is over.

Debenture yield is calculated as a percentage of market price without adjusting interest due component. This can make a significant difference in actual return.

The fact that the debenture market is generally active can be surmised from the dates of last business done. Hence readers are advised to seek suitable professional advice before investing.

All care is taken to ensure accurate and up to date information.

Happy new year, winner!

As hoped, the new year has taken off with a winner for Investor Contest 281 — Ms. Annie Jacob from Kerala.

Most of the contestants fared well in predicting a fall in prices. In fact about 90 per cent of the participants rightly expected the fall of Garden Silk from Rs.60.00 (2 December 1988) to Rs.55.00 (6 January 1989).

Hope we have more winners — the more the merrier.

How to enter

On the entry form given below are listed six popular scrips. All you have to do is to use your skills to predict the prices of each of these shares as on 10 February 1989, and send in your entry by 31 January 1989. The winner in accordance with the rules printed below, will get a prize of Rs.5,000. In the event there is no winner, the prize will not be carried over.

Every issue of **Business India** will contain a new contest. The entry which has all six correct answers will receive a prize of Rs.5,000. If no such entry is received, the entry which has 5 out of 6 correct answers will receive the prize. In the event of there being more than one winner, the prize will be shared equally. We repeat, if there are no winners, the prize money will not be carried forward.

Rules:

1 There is no entry fee.

2 The list has been selected on the basis of what we consider are actively traded and interesting scrips on Indian stockmarkets.

3 The price mentioned last in the official quotation list of the stock exchange (if there is a series of such prices against the name of the share) will be taken as the correct answer. The official list of the particular stock exchange, which will be referred to, is given against the name of each scrip. If for some reason the stockmarket is either closed on 10 February 1989, or there are no transactions for the six scrips chosen below, then the quotations for the nearest working day prior to 10 February 1989, will be used.

4 Variation from the correct answers are permitted within a range that is specified against the scrip.

5 Entries must be on the printed form given below. Any other entries will be disqualified.

6 Only one entry will be permitted per form.

7 Envelopes sent in should be marked Investor Contest. All entries must be received at **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, Tuesday, 31 January 1989.

8 **Business India** is not responsible for non-receipt of entries.

9 **Business India's** decision on the winning entries will be final and binding, and no correspondence in this regard will be entertained.

10 The contest is open to residents of India only. No employee (or any direct relation of any employee) of **the Business India group of publications** is entitled to enter the contest.

Name of scrip	Stockmarket official list to be used for comparing results	Prices as on Friday, 13 January 1989 (Rs)	Variations permitted from correct prices up to (Rs)	Prices as on Friday, 10 February 1989 (Please fill) (Rs)
ACC	Bombay	323.10	2.00	
EI Hotels	Bombay	59.00	1.00	
Gammon	Bombay	160.00	1.50	
L&T	Bombay	122.00	2.00	
Modi Rubber	Bombay	92.50	1.00	
Tata Steel	Bombay	1,138.75	5.00	

Name: ____________________

Address: ____________________

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Age: ____________________

Profession: ____________________

Date: ____________________

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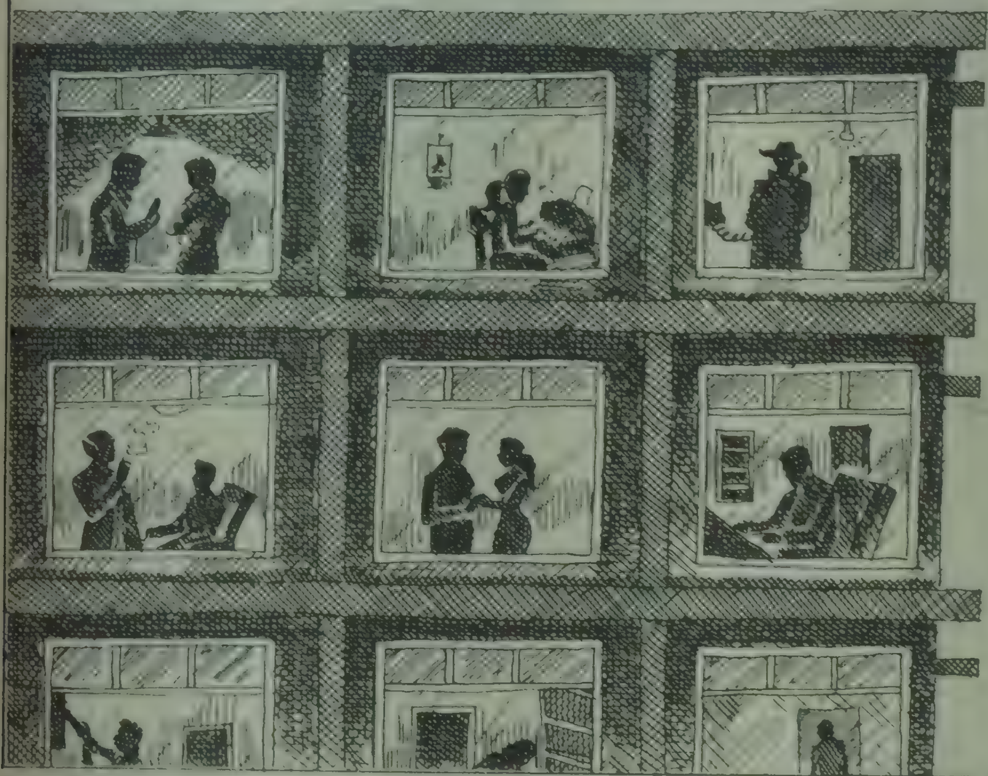
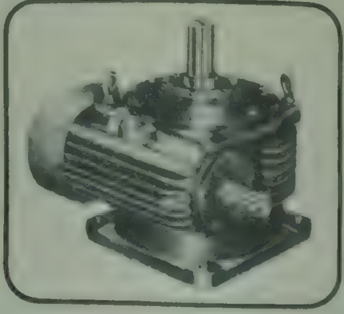
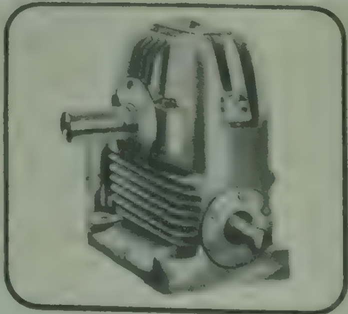
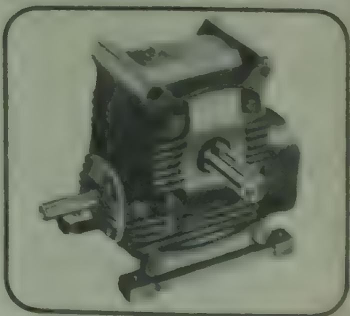
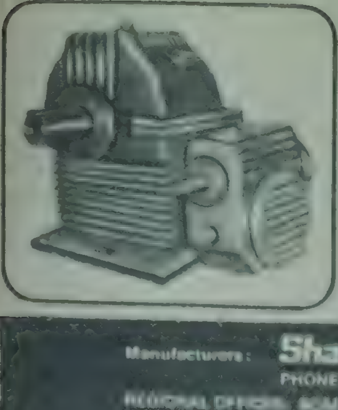










'Team work responsible for current success"

danand Shetty, *51, heads the Vijaya nk as the chairman and managing rector*

May 1984, Sadanand Shetty at age 47 came one of the youngest ever chairn and managing director of a nationsed bank when he took over at the m of the Bangalore-based Vijaya Bank. 6 feet 2 inches, he was also among the lest.

Shetty stands tall among bankers for ner reasons as well. Using the same ve that propelled him so far from hum beginnings as a clerk, he has, in the t four years taken Vijaya Bank to newer ghts. The bank's deposits have, since took over, nearly tripled to Rs.2,035 res, and profits have jumped from Rs.5 hs to Rs.5.54 crores. Vijaya Bank was first of the Indian banks to introduce ATM facility and among the first to get credit cards. Says Shetty, "Its been a d four years."

Shetty explains his success rather destly, "I feel I have done what I was pected to do as a chief executive. I built an efficient team, something this bank ded very badly and that is primarily ponsible for its current success." The er reason he provides is that of laying phasis on a decentralised system of ision making. "One should cut ough the maze of processes and cont one's business efficiently without ving costly delays at the top level of nagement," he says.

ovative measures. Bank executives t out to the other important measures that Shetty has taken to improve customer service. Apart from the ATM and credit cards, he started teller system facilities in 30 branches for speedier transactions; installed 77 advanced ledger posting machines at 23 branches and most important, created a separate division in the bank called "Customer Relations Division", for expediting the disposal of customer queries and complaints.

Consumer business aside, Shetty has also been successful in picking up corporate clients particularly in the western and northern region. And this has a lot to do with the hard work he put in during his tenure as divisional manager there.

A commerce graduate, Shetty started his banking career in the small town of Mercara in Karnataka's Coorg district. A year later he was transferred to Bombay at the bank's only branch in the city, first as a clerk in 1960 and a year later as an officer. Thus started his climb upwards in the Vijaya Bank hierarchy.

In 1970 he helped open the bank's second branch in Bombay at Mahim and a year later a branch in Delhi — also for the first time — at Connaught Place. As a branch manager in Bombay and Delhi and later as divisional manager, his most important achievement was to develop corporate business. Till then the bank's business was largely consumer oriented or at best directed towards small entrepreneurs.

In 1982 Shetty was appointed executive director of Vijaya Bank and two years later as chairman and managing director. Last year his term was extended by another five years.

Ambitious plans. Shetty's plans for Vijaya Bank are ambitious: expansion of the network of ATMs, introduction of a new credit card in collaboration with MasterCard and also jumping into the bandwagon of banks setting up subsidiaries to promote housing. "We wish to construct houses and sell them, unlike the other banks", he claims. Also in the pipe line is a mutual fund and a plan to finance entrepreneurs involved in the health service area. "We've achieved quite a bit in the last few years," he says, "but we've got a lot more to do."

■ DEVAPRASAD PUROKAYASTHA

FRONTRUNNERS

Making a transition from selling pharmaceuticals to aerospace and defence equipment might be a tall order for most, but **Sunil Mansukhani,** general manager at Accrutol Systems Pvt Ltd has accomplished it with considerable ease.

At 33, Mansukhani, as the general manager in a 60 strong organisation, deals primarily with the government in areas of defence. "Annually we do about a crore and a half rupees worth of business with them", says Mansukhani whose company represents various American companies such as Loral Corp, Racal and Watkins-Johnsons in India. Mansukhani remembers with pride the deal that took three years to clinch — selling the data storage systems for a remote sensing satellite to the government at the cost of Rs.2.3 crores.

Mansukhani has achieved a great deal in a short span of time, but he is confident of achieving more. "We are currently a Rs.4 crore company, but by 1991, hope to hit double digits."

Lynn D'souza has packed more into 27 years than most people do in a lifetime. At Trikaya-Grey she heads the media division and is the youngest woman to do so in the industry. D'souza, an MBA in marketing from Bajaj, plunged straight into advertising. A year at Speer, five at OBM and now Trikaya — each move carefully planned to give her the maximum advantage from the change. She says, "Media planning is a relatively new field and has become quite scientific."

Her big moment was in February 1988 when she worked on a special issue for *Femina* and was involved both in the editorial and advertising areas. "It was a superb experience," she says.

It is not very often that J.R.D. Tata, H.T. Parekh, Darbari Seth, Sharukh Sabhawala, A.H. Tobaccowalla and Freddy Mehta decide to get together to go for a movie. But they did that on a Monday evening last fortnight at Bombay's Blaze Minuet to watch *Salaam Bombay*, **Mira Nair's** acclaimed film based on

the life of Bombay's street urchins.

Nair had invited the corporate glitterati to view the film as part of her effort to raise Rs.17 lakhs to set up two learning centres for kids in Bombay and Delhi. "We wanted something more permanent, after the movie was over, that would be of help to the hundreds of street kids in the two cities," she says.

Were JRD *et al* moved enough by the film to make a hefty donation to Nair's Salaam Balak Trust that will run the learning centres? Well, while going to the press, apart from Tobaccowalla's contribution of Rs.2 lakhs on behalf of Voltas, none of the others had responded.

Swraj Paul who started the local takeover fever has called it a day, as far as India is concerned. Paul, officially celebrated the throwing in of the towel last month in Delhi. A decision that he took three years ago has left him with few regrets, says Paul who believes that "deciding to forget the whole business was the best business decision I could have taken".

The celebrated raider, who set domestic dovecots aflutter

when he lunged for DCM and Escorts simultaneously, still insists however that his was the only genuine NRI investment and that "my investment plans are still the biggest that this country has received. Others are investing overseas and acquiring control over local companies". If Paul's assertions are right, NRIs with the acquisition fever are only playing a no-risk game with gains only for themselves.

Rajan Jetley, the managing director of the national carrier has developed an uncanny knack for leaping from one controversy to another. The fuel for the latest one was provided by Air India's calendar for 1989 which is 'A Tribute to the traditional Indian woman'. But if Jetley and his fellow Air Indians are to be believed, Goan women are to be referred to by the derogatory term of 'Goanese Women' and as "descendents of the Portuguese, they follow the Roman Catholic faith. As such, much of their custom and habit is inclined towards western trends."

Foolish by any counts. And the reaction, particularly from Goans was quick. No sooner was the calendar out, a group consisting of singer Lata Mangeshkar, architect Charles Correa, industrialist Surender Dempo and painter Prafulla Dahanukar, among others shot off letters to all newspapers saying "It is indeed shocking to find that a public sector organisation — and a national carrier at that — should publish such crude and inaccurate information."

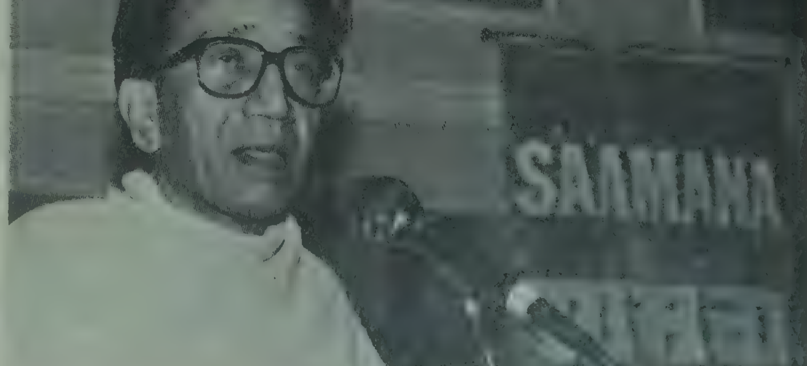
The message, to Jetley's credit, got home instantly. The very next day he issued a letter "..profusely apologising for the inaccuracy in the caption" and explained that "Air India had already stopped the distribution of the calendar and necessary correction is being incorporated". To think that Air India is currently spending crores to re-furbish its image by employing a multi-national publicity company.

The pen is mightier than the sword, goes the old cliche. And even the self-professed protector of the Hindu cause, the powerful **Bal Thackeray** recognises this. He is to launch a new Marathi daily, provocatively titled *Saamna* (confrontation) on his birthday this month. In preparation, Thackeray hosted a cocktail party for prospective advertising clientele at Oberoi Towers last fortnight.

Among the 300-odd invitees, representing a host of advertising agencies who managed to penetrate his sten-gun toting ring of eight security guards (he is still high up on the Sikh terrorist hit list), was Kanti Dhulla, a leading Congress (I) corporator from Bombay. He runs a small advertising agency in the city and was quick to say that the business was strictly professional. Is that guilty conscience talking?

The Hinduja clout is expanding and people all around are coming to respect it. Last fortnight, when **Srichand Hinduja**, the patriarch of the family, decided that he wanted to have a party at virtually a moment's notice, Bombay's luminaries did not disappoint him. The party, he said, was "to felicitate chief minister Sharad Pawar in the New Year." Among those who made an appearance at 48 hours' notice at the Hinduja Bombay headquarters were Ramkrishna Bajaj, M.J. Pherwani, Kantikumar Poddar, Ajit

Gulabchand, senior representatives of multinational banks, foreign consuls and of course, Pawar and six of his cabinet colleagues. The Hinduja network of connections is indeed legend. But will it ever be translated into widespread industrial investment?



The golden handshake

luntary retirement schemes are no nger considered to be a no-no even with e best of employers. And while the merican approach of hire and fire depending on the exigencies of business is ill not acceptable in India, "VRS" has ecome quite common. There is an increasing realisation that with changing chnology and increasing labour costs e future of several companies is dependent on taking a more pragmatic and less notional view of labour skills and costs. fact, even the government has recogsed this fact and permitted the public ctor to introduce such schemes.

In the West such schemes are based on e intrinsic assumption that those who ould like to continue to work would in t find employment, or that given a mfortable income the older employee ould be quite content to lead a life of sure. And hence the role of consultants d counsellors in helping employees pe with the emotional trauma and prepare for job interviews etc is part of the plementation costs of a VRS programme. Companies routinely hire recruitment firms to help in the placement employees who have to be shed.

How successful are such schemes in a untry where employment is still hard to me by for a large majority? Not much. ile there is a dearth of appropriately alified and trained manpower, there still far too few jobs for the average rson. And with changing technology d the recognition of the need to have alified people, the problem of finding a is acute for people in the higher age up. Accepting a VRS for such emyees would therefore imply managing the retirement benefits and investnts made from savings or benefits of VRS.

The target for VRS schemes are usually ployees in the age group of 45 years l over. They are generally in the higher ary slabs and are considered to be less ponsive to retraining. However, it is at age that most employees begin to feel pinch of familial responsibilities, as the cost of higher education for dren or the need to provide for marge expenses, or money to build a se.

e employee at [illegible] find it very often impossible to get ther job especially with the increasing ns on lower ages for midddle and senior management. The only avenue of employment is in the small or unorganised sector where the traditional values of age signifying experience still hold. For many employees who have spent a lifetime in the organised sector this is an unacceptable choice.

It must also be recognised that unlike the West a job in India signifies a certain sense of selfworth to an employee and his family. The status of the family depends entirely on the "position" of the bread winner and this could affect even the marriage prospects of his children!

Most employees do continue working even after retirement despite a comfortable income. There is no concept of "enjoying life" other than being employed. It is only the younger generation today that has become more conscious of the need to take vacations, travel, etc. Hence companies must expect only a limited response to a VRS scheme however generous it may be.

Part of wage agreement

The rationale of most VRS schemes is to reduce and rationalise the wage cost structure. In India such schemes are often a part of the wage settlements with unions, especially in the high wage is-

It must also be recognised that unlike the West a job in India signifies a certain sense of selfworth to an employee and his family. The status of the family depends entirely on the "position" of the bread winner and this could affect even the marriage prospects of his children!

lands like Bombay, where the increasing cost of labour has begun to inhibit growth and the economic viability and competitiveness of units.

Most of these schemes offer around Rs one lakh to each workman or about 30 to 60 days' salary for each year of service in addition to his normal retirement dues. However, most of these schemes have not resulted in a substantial reduction in the work force, despite considerable effort from the management to persuade employees to accept the scheme.

Companies also fear the possibility of litigation several years after the implementation of the scheme since government has traditionally been pro labour. It is only in the last three to four years that employers have greater confidence in implementing such schemes, even in states such as West Bengal.

Voluntary retirement schemes for management staff have been implemented in several multinational companies over the years. These have mainly been the American companies such as IBM, Citibank, etc. But except for companies that closed down operations here (like IBM), most of the companies handled such schemes in a very discreet manner.

Of course with the change in the environment and the need to be competitive to survive, such schemes are, now openly talked about for all levels. But the cost of a VRS for management staff rarely justifies its introduction. Since it involves payment of 45 months to 65 months gross salary for retiring employees. Unlike unionised staff, where with the current increases in wages such schemes breakeven in about 5 years, management staff schemes take much longer, since the replacement cost is often higher.

For better performance

The rationale for such schemes is however said to be in terms of the advantages in having a change in the profile, attitude and approach of management in middle and senior levels. This change is felt necessary in the interest of better performance on the job as well as in attracting, building and retaining a better qualified and motivated team. Considering the increasing popularity of such schemes, these benefits, though hard to quantify, are considered to be substantial in business terms.

There is however need to implement these schemes discreetly. For in all such situations the best always tend to go first and therefore the scheme may have to be selectively offered.

As Indian business gradually moves away from a paternalistic culture, it is important to remember that such schemes in India need to be implemented not only discreetly, but with much cajoling and persuasion and finally much sensitivity to the Indian milieu.

■ ANITA RAMACHANDRAN

...THAAR has been ... general manager at the Bombay ... office of the ...nal Bank for ...ulture and Rural ...lopment

M.R. SHAH has been appointed president and whole time director of Shri Ambuja Petrochemicals Ltd

R.D. SHAH has been appointed managing director of the General Insurance Corporation of India.

S.K. MALHOTRA has taken over as managing director of Falcon Tyres Ltd.

... Dhillon has joined ... Alloy Steels Ltd as ...ive director

I.P. HAZARIKA has taken over as managing director and acting chairman of the Mineral and Metals Trading Corporation of India Ltd.

PRADEEP KAPADALA has taken over as chief operating officer of Hindustan [illegible] Instruments Ltd

H.F. KROLL has taken over as MICO's technical director

[illegible] has taken over as chairman and managing director of Cement Corporation of India Ltd

J.R.P. SASTRY has been appointed director (personnel) at Electronics Corporation of India Ltd (ECIL)

MANOHAR P. SAREKAR has been appointed vice chairman of the Abhinav Sahakari Bank Ltd

C.L. SHARMA has been appointed deputy director general for management at [illegible]

HARBHAJAN SINGH has taken over as executive director of UCO Bank

J.P. MINDA has been appointed chairman and managing director of Jay [illegible] Ltd.

B. VENKATESH RAO has taken over as managing director of Venus Chemicals Pvt Ltd

M.S. CHAHAL has been appointed chairman and managing director of Punjab and Sind Bank.

ASSOCIATIONS

...ANDHI has been ...d president of ... for 1995-96.

...HETH has been ...d president of All ... Spectacle Frames ...acturers ...ation while ...D SHAH has been ...d secretary.

C.K. MALAVIYA has been elected president of the [illegible] Manufacturers Association for 1995-96

[illegible] VARMA has been elected president of the Chamber of Income Tax Consultants, Bombay

M.L. AGRAWAL has been elected president of the Federation of Corrugated Box Manufacturers of India

SHYAMAL [illegible] has been elected president of the Institute of Company Secretaries of India for 1996

ASHOK K. MEHTA has been elected president of the Indian Society of Head and Neck Oncology

Senior executive positions

A compilation of executive positions advertised in **Business India** and other major publications between 19 December 1988 and 1 January 1989

NATIONAL

- GENERAL MANAGER (Exports) * *Sal* Rs.1.5 lakhs pa plus * *Age/Qlfn* NS * NS * *Reqd* Good exposure to international marketing for atleast 12-15 years. * *Cont* The Personnel Manager, Concept Pharmaceuticals Ltd, 167 CST Road, Kalina, Bombay 400098 (TOI-9.1)

WEST

- GENERAL SALES MANAGER * Bombay * *Sal* Negotiable * *Age/Qlfn* Around 35 years * Graduates preferably in engineering or science with post graduation in management from a premier institute * *Reqd* 8 years experience in sales management, preferably as a regional head and in consumer non-durables. Exposure to product management would be an asset * *Cont* A.F. Ferguson Associates, Post Box 1786, Bombay 400001 (TOI - 2.1)
- COMPANY SECRETARY * Bombay * *Sal* NS * *Age/Qlfn* Company secretary, preferably with a degree in law * *Reqd* 5 years senior level experience * *Cont* A.F.Ferguson Associates, Post Box 1786, Bombay 400001 (TOI - 7.1)
- DIRECTOR (Marketing) * Bombay * *Sal* Rs.2.5 lakhs pa + perks * *Age/Qlfn* NS * NS * *Reqd* Senior experienced personnel * *Cont* Box No AA/283/OM/6, Business India, 59, Regal Building, Connaught Circus, New Delhi - 110001 (BI - 22.1)
- GENERAL MANAGER (Operations) * Nasik * *Sal* No constraint * *Age/Qlfn* NS * CA or ICWA or possess a formal qualification in finance * *Reqd* Minimum 15 years experience of which at least 4 years should be as a profit centre head * *Cont* Satya Sons Services Ltd, SCO: 55, Sector 26-D, Chandigarh 160-019 (BI - 22.1)
- PRESIDENT * Bombay * *Sal* Attractive terms * *Age/Qlfn* NS * Chartered Accountant or MBA (Finance) * *Reqd* 10-15 years' experience. Background in financial services is preferred * *Cont* RPG Enterprises Ltd, Ceat Mahal, 4th Floor, Dr A.B. Road, Bombay 400 025 (BI - 22.1)
- CHIEF EXECUTIVE * Bombay * *Sal* Exceptionally attractive * *Age/Qlfn* 40-50 years * Technical qualifications and expertise to lead to quite a team of professionals * *Reqd* About 20 years' experience in the electronics industry and 5 years in a senior management position * *Cont* Managing Director, Videocon VCR Ltd, 8th floor, Atlanta Building, Nariman Point, Bombay 400 021 (BI - 22.1)

NORTH

- CHIEF EXECUTIVE * New Delhi * *Sal* Negotiable * *Age/Qlfn* 45-55 years * NS * *Reqd* Entrepreneurial outlook, technological and commercial skills * *Cont* Chairman, ABC Consultants Pvt Ltd, 43/3 Hazra Road, Calcutta 700 019 (TOI - 3.1)
- MANAGING DIRECTOR (Food products) * New Delhi * *Sal* Negotiable * *Age/Qlfn* Around 45 years * NS * *Reqd* Proven general management ability, business acumen and leadership. Experience in food processing would be an advantaage * *Cont* Gulab Mirchandani, President, Tristar Consultants, 616, Maker Chamber V, Nariman Point, Bombay 400021 (BI - 22.1)
- GENERAL MANAGER (International Trading) * New Delhi * *Sal* No constraint * *Age/Qlfn* NS * Formal qualification in international trade is desirable * *Reqd* Seasonal, mature and widely travelled professionals with extensive contacts in the trading community and government agencies * *Cont* Satya Sons Services Ltd, SCO, 55 Sector 26-D Chandigarh 160 019 (BI - 22.1)

EAST

- FINANCE DIRECTOR * Shillong * *Sal* Rs.84,000 pa + benefits * *Age/Qlfn* Around 35 years * Chartered Accountant with ACS qualification * *Reqd* 10 years' experience in medium sized organisation * *Cont* P.Sen, A.F.Ferguson Associates, Apeejay House, Block B, 5th floor, 15 Park Street, Calcutta 700 016 (BI - 22.01)
- WORKS MANAGER * Near Calcutta * *Sal* Rs.1.25 lakh + house + car * *Age/Qlfn* 40-45 years * Chemical Engineering * *Reqd* 15-20 years production/plant management experience, drug manufacturing * *Cont* Datamatics Staffing Services, Post Box No.106, G.P.O. Bombay 400 001 (TOI - 2.1)

SOUTH

- GENERAL MANAGER (Works) * Near Madras * *Sal* Negotiable + attractive perks * *Age/Qlfn* 45-50 years * B.E. (Mechanical) * *Reqd* 15-20 years' experience in public/private sector connected with manufacture of heavy duty EoT cranes etc. * *Cont* The Chairman and Managing Director, Southern Structurals Ltd, No.8 Pughs Road, Raja Annamalaipuram, Madras 600 028 (BI - 22.1)
- GENERAL MANAGER * Bangalore * *Sal* Attractive salary + perks * *Age/Qlfn* Around 45 years * Graduate engineer MBA preferred * *Reqd* 10 years' experience in production management * *Cont* A.F. Ferguson Associates, 115 Dickenson Road, Bangalore 560 042 (BI - 22.1)
- GENERAL MANAGER (Finance) * Near Hyderabad * *Sal* Comparable to best in industry * *Age/Qlfn* NS * CA or MBA (Finance) * *Reqd* Minimum of 7 years' experience of which 3 years should be as head of finance department * *Cont* The President, Bharat Strips Ltd, 24 Paigah Colony, Sardar Patel Road, Secunderabad 500 003 (BI - 22.1)
- EXECUTIVE VICE-PRESIDENT * Near Hyderabad * *Sal* Comparable to best in industry * *Age/Qlfn* Around 40 years * NS * *Reqd* Minimum 3 years' experience in a similar position as head of profit centre * *Cont* The President, Bharat Strips Ltd, 24 Paigah Colony, Sardar Patel Road, Secunderabad 500 003 (BI - 22.1)

OVERSEAS

- CHIEF EXECUTIVE * Nigeria * *Sal* Excellent package + perks * *Age/Qlfn* 35-40 years * MBA * *Reqd* At least 5 years' experience of factory, commercial and financial functions * *Cont* Kishinchand Chellaram (India) Pvt Ltd, P.O.Box 2344, Bombay 400 002 (TOI - 8.1)
- GENERAL MANAGER * Oman * *Sal* NS * *Age/Qlfn* NS * NS * *Reqd* Experience in garment industry (export) * *Cont* D.A.Shetty, Dugmas Consultancy Services, 39 Mt View, Behind Central Bank (Mankhurd Branch), S.T. Road, Bombay 400 088 (IE - 8.1)
- GROUP FINANCIAL CONTROLLER * Nigeria * *Sal* Saving of USD 20,000 pa * *Age/Qlfn* 40-45 years * Preferably Chartered Accountant * *Reqd* Exposure to computerised MIS is essential * *Cont* Datamatics Staffing Services, P.O.Box No.106, GPO, Bombay 400 001 (ToI - 12.1)

Executive positions

TOI — Times of India; *IE* — Indian Express; *H* — The Hindu
S — Statesman; *HT* — Hindustan Times; *ET* — Economic Times;
Econ — Economist; *BI* — Business India

NATIONAL

WORKS MANAGER (Pharmaceuticals) * Tamil Nadu *Sal* Attractive compensation * *Age/Qlfn* NS * Science graduate preferably with a degree in pharmacy * *Reqd* 10 years experience at plant manager's level * *Cont* The President, JK Industries Ltd, Link House, 3rd floor, 3 Bahadur Shah Zafar Marg, New Delhi 110 002 (H—07.1)

NEW PRODUCTS MANAGER * Bombay *Sal* Very attractive * *Age/Qlfn* 26-35 years * Post graduate qualifications in management/marketing preferable * *Reqd* 3 years experience in product development * *Cont* Post Box No. 11233, Bombay 400 020 (TOI—2.1)

EXECUTIVE (Merchant banking) * NS *Sal* Outstanding * *Age/Qlfn* Below 30 years * CA/MBA (Finance) * *Reqd* 2-3 years experience preferably in banking or finance/treasury with a large company * *Cont* Chief Executive, Hambro Nicco Financial Services Ltd, Nicco House, 2 Hare Street, Calcutta 700 001 (S—4.1)

FINANCIAL DIRECTOR * Nasik *Sal* According to background * *Age/Qlfn* NS * Mechanical/metallurgical engineering * *Reqd* Experience with medium/large scale extrusion plants * *Cont* The Managing Director, Sudharshan Aluminium Industries Ltd, 26 Nariman Bhavan, 227 Nariman Point, Bombay 400 021 (S—4.1)

WORKS MANAGER * Tamil Nadu *Sal* Attractive package * *Age/Qlfn* NS * Degree in pharmacy preferred * *Reqd* 10 years experience at plant manager's level * *Cont* The President, JK Industries Ltd, Link House, 3rd floor, 3 Bahadur Shah Zafar Marg, New Delhi 110 002 (TOI—4.1)

SALES ENGINEERS (Industrial products) * NS *Sal* Attractive * *Age/Qlfn* Around 25 * Degree/diploma in engineering preferably mechanical/civil * *Reqd* 2-3 years experience handling industrial products with exposure to concept selling * *Cont* Personnel Selection Division, ABC Consultants Pvt Ltd, 4 Jagannathan Street, Madras 600 034 (TOI—5.1)

MARKETING MANAGER * NS *Sal* According to background * *Age/Qlfn* 35-45 years * Electrical engineering * *Reqd* Experience in marketing electrical goods preferably cables * *Cont* The Executive Director, Finolex Cables Ltd, 26/27 Bombay-Pune Road, Pimpri, Pune 411 018 (TOI—5.1)

PRODUCTION MANAGER * Pune *Sal* Negotiable * *Age/Qlfn* 35-40 years * Chemical/Textile engineer * *Reqd* 10 years experience in man-made fibre industry * *Cont* The Administration Manager, Garware-Wall Ropes Ltd, Chowpathy Chambers, Sandhurst Bridge, Bombay 400 007 (TOI—5.1)

PRODUCTION MANAGER * Aurangabad *Sal* NS * *Age/Qlfn* 35-40 years * Diploma/degree holders in leather/rubber technology * *Reqd* 8-10 years experience in rubber/leather/canvas * *Cont* General Manager—Personnel, Carona Ltd, New Udyog Mandir Compound, Moghul Lane, Mahim, Bombay 400 016 (H—07.1)

GENERAL MANAGER (Marketing) * Bombay *Sal* Comparable to industry norms * *Age/Qlfn* 35-40 years * Electronics engineer with a degree/diploma in management * *Reqd* Adequate experience in sales and marketing in the computers industry * *Cont* Chander Batheja, Chief Executive, The Concept, Councel of ManagementServices, 67 White Hall, 143 August Kranti Marg, Bombay 400 036 (TOI- 09.1)

MANAGER (Personnel and Organisation) * Bangalore *Sal* NS * *Age/Qlfn* 30-35 years * Degree in social science and personnel management or an MBA with an emphasis on organisational behaviour * *Reqd* 5-7 years experience in a general personnel role * *Cont* The General Manager—HRD, The UB Group, UB House, 1 Vittal Mallya Road, Bangalore 560 001 (TOI—10.1)

SENIOR MANAGER (Manufacturing Engineering) * NS *Sal* Attractive + perks * *Age/Qlfn* BE/ME in production engineering * *Reqd* 15 years experience in metals, plastics, etc * *Cont* Videocon Appliances, Box 428441, Hindustan Times, New Delhi 110 001 (HT—11.1)

- WORKS MANAGER * Faridabad *Sal* Rs.84,000 p.a. + perks * *Age/Qlfn* NS * Formal education in rubber technology * *Reqd* 8-10 years experience in a rubber factory * *Cont* Personnel Advisory Service, Management Consultants, 266 DDA Commercial Complex-1, Jhandewalan Extension, New Delhi 110 055 (S—11.1)

OVERSEAS

- CIVIL ENGINEER * Tanzania *Sal* NS * *Age/Qlfn* Degree/diploma holder * *Reqd* 10 years' experience in a medium sized construction company * *Cont* Datamatics Staffing Services, P.O.Box No.106, GPO, Bombay 400 001 (H—03.1)
- CHIEF ACCOUNTANT * Dar es Salaam *Sal* 35,000 Tansanian shillings + USD 600 to 700 * *Age/Qlfn* NS * Chartered Accountant * *Reqd* 10 years' experience. Will be required to prepare capital budgets, monthly cash flow etc. * *Cont* MOPEC Ltd, New Hind House, 2nd floor, N.Morarjee Marg, Ballard Estate, Bombay 400 038 (TOI—08.1)
- INVESTMENT MANAGER * Oman *Sal* Rs.24,000—Rs.32,000 + perks * *Age/Qlfn* 35-40 years * MBA or qualified accountant * *Reqd* Relevant senior level experience of portfolio or treasury management and project evaluation in financial institutions or large banks * *Cont* A.F. Ferguson & Co, P.O.Box 1786, Bombay 400 001 (TOI—08.1)
- ELECTRICAL ENGINEERS * Oman *Sal* R.O. 450 per month (negotiable) + allowances * *Age/Qlfn* Around 45 years * Degree in electrical power engineering or an equivalent qualification * *Reqd* Experience in diesel power stations * *Cont* Al-Jadid Enterprises, 31 Mittal Chambers, Nariman Point, Bombay 400 021 (TOI—08.1)
- FOREIGN EXCHANGE DEALER * Oman *Sal* Rs.12,000 per month + benefits * *Age/Qlfn* 25 to 35 years * Graduates of reputed universities * *Reqd* At least 5 years' experience in the dealing room of a large bank * *Cont* A.F.Ferguson & Co, P.O.Box 1786, Bombay 400 001 (TOI—08.1)
- MARKETING EXECUTIVE (Consumer durables and hardware) * Oman *Sal* Attractive tax free salaries + benefits + car * *Age/Qlfn* 32-35 years * NS * *Reqd* Indepth marketing knowledge of consumer durables and hardware * *Cont* Manager—Personnel and Administration, Mohsin Haider Darwish LLC, P.O.Box 3880, Ruwi, Sultanate of Oman (TOI—15.1)

THE UB GROUP REQUIRES

SENIOR EXECUTIVES - PETROCHEMICALS

The UB Group, with a turnover in excess of Rs. 1000 crores,is one of the fastest growing Industrial Groups in the country today, with a widely diversified business portfolio ranging from Liquor and Food Products, to High Technology fields such as Petrochemicals, Energy Products, Pharmaceuticals, Electronics and Telecommunication equipment and Biotechnology.

The Group's management team comprises of professional managers operating in a dynamic environment.

We have identified Petrochemicals as our major thrust area, and are at an advanced stage of implementing projects with total investment exceeding Rs. 600 crores. These projects are coming up in collaboration with world renowned multinational petrochemical companies.

For our petrochemical projects we require the following senior personnel:

VICE PRESIDENT - FINANCE

Bangalore

The incumbent will provide complete commercial and financial support during the implementation of our various petrochemical projects and will take complete charge of all commercial and financial functions related to our petrochemical business. His key responsibility will be to manage the large investments planned in petrochemicals.

This is a key position and the incumbent must be a Chartered Accountant with total experience of about 15 years, of which at least 5 years must be at a senior level in a company of repute.

Age : Around 45 years.

GENERAL MANAGER - FINANCE

Madras and Vizag

The incumbents would be required to provide complete commercial and financial support during the implementation of the projects at Madras and Vizag, and later will take over charge of all commercial and financial functions at these units. The candidates must be Chartered Accountants with over 10 years'experience, preferably in an environment involving project implementation/execution.

Age : Around 40 years.

The Group Vice President - Personnel,

THE UB GROUP

UB House,1, Vittal Mallya Road, BANGALORE - 560 001

MANAGING DIRECTOR

A large, well known and profitable multi product multi division company wishes to appoint a Managing Director. The company which has an annual sales turnover of around Rs. 100 crores is part of one of the largest industrial houses in the country.

The Managing Director who will be accountable to the Board will be responsible for the profitability and growth of the company. He will be based at the company's corporate office in Calcutta.

Candidates should ideally be in the age bracket 45-55 with a proven record of growth and performance in senior management positions. Exposure to all the functional areas of management and ability to motivate and lead a team of professionals towards corporate goals is essential. While no specific functional background is required sound techno-commercial-cum-administrative sense and experience of having managed an independent profit centre would be preferred.

Persons interested in the position should apply in strict confidence to:

Mr R N Gadi
Partner

A F Ferguson Associates
Hansalaya
Barakhamba Road
New Delhi 110 001

Applications and envelopes should be marked **Ref MS/4860**. No reference of the application will be made to anyone without the candidate's permission.

BASF

COMPANY SECRETARY

Bombay **Attractive Salary + Perquisites**

BASF India Limited, a professionally managed Company manufacturing and marketing a wide range of chemicals wishes to recruit a Company Secretary to be based at its headquarters in Bombay.

This senior position, entails responsibility for the secretarial and legal function comprising company law matters, foreign exchange regulations, MRTP, industrial licensing, foreign collaboration, patents and trade marks and excise.

Candidates should be qualified company secretaries (preferably law graduates) with around 5 years relevant senior level experience in professionally managed companies.

In addition to an attractive salary, an excellent perquisite package is offered. Remuneration will not be a constraint for the appropriate candidate.

Please apply in strict confidence within 10 days to:

A. F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref: MS/5021"

OVERSEAS POSITIONS

OMAN

We have been retained by an established group of companies in Oman to select suitably qualified and experienced persons to advise the management and owners on international and local investments and currency dealing. The group is currently engaged in civil contracting and trading in building materials, foodstuffs, etc., besides being associated with some industrial projects in the country. The positions are:

INVESTMENT MANAGER

(MS/5023)

Rs. 24,000 – 32,000 p.m.
plus benefits

The position reports to the Managing Director and the selected candidate will be responsible for identifying investment opportunities in stocks, bonds, commodities, real estate, etc. on an international level besides appraising and evaluating investments in projects within Oman. Whereas the final authority for investment decisions will be that of the Managing Director, the Investment Manager's recommendations would be the key input in the decision making process. He will be responsible for managing a substantial diversified portfolio.

Candidates will be MBA's or qualified accountants who have relevant senior level experience of portfolio or treasury management and project evaluation in financial institutions, banks or large organisations. Candidates who have been exposed to the international financial markets would have a distinct advantage.
The preferred age is between 35 to 40 years.

FOREIGN EXCHANGE DEALER

(MS/5024)

Rs. 12,000 p.m.
plus benefits

The position reports to the Investment Manager and the selected candidate will be responsible for monitoring the movements in the international currency markets and advising the owners accordingly.

Candidates should be graduates from reputed universities and will have atleast 5 years experience in the dealing room of one of the large banks.
The preferred age is between 25 to 35 years.

In addition to the salaries mentioned above, the company will provide furnished housing, transportation (company maintained car for the investment manager), annual leave fares besides medical and end of term benefits.

Please apply in strict confidence within seven days to:

A. F. Ferguson & Co.
P.O. Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn alongwith a recent passport size photograph. All applications and envelopes should be marked with the relevant reference numbers.

The Thapar Group

GENERAL MANAGER-R & D
DELHI

BHARAT STARCH & CHEMICALS LTD., member of the Thapar Group and pioneers in the field of starch manufacturing, are intensifying their applied research activities and, for this purpose, have established an R&D Centre for developing specialised technologies, processes, and products related to Starch and other Natural as well as Synthetic Polymers. The Centre has its own fully equipped Laboratory and Pilot Plant Facilities and the know-how developed will be available for transfer internationally.

The incumbent will assume independent charge of all activities of the Centre. He will be expected to identify potential areas of application, institute suitable research programs, guide a team of Scientists in developmental work, determine customer need, and sell the know-how. He will interact with Industry, Scientists and Scientific Organisation in India and abroad.

The ideal person should have a doctorate in chemistry, with a proven background in Applied Research. A strong techno-commercial acumen and an understanding of international scientific and business system is essential. Preferred age around 40 years. This is a senior position and carries an attractive remuneration package.

Application, with complete bio-data and details of publications, experience and capabilities, should be sent to :

Mr. Karan Thapar
Chief Executive
Bharat Starch & Chemicals Ltd.
N-75, Connaught Circus
New Delhi-110 001.

THE UB GROUP REQUIRES

SENIOR EXECUTIVES - PETROCHEMICALS

The UB Group, with a turnover in excess of Rs. 1000 crores,is one of the fastest growing Industrial Groups in the country today, with a widely diversified business portfolio ranging from Liquor and Food Products, to High Technology fields such as Petrochemicals, Energy Products, Pharmaceuticals. Electronics and Telecommunication equipment and Biotechnology.

The Group's management team comprises of professional managers operating in a dynamic environment.

We have identified Petrochemicals as our major thrust area, and are at an advanced stage of implementing projects with total investment exceeding Rs. 600 crores. These projects are coming up in collaboration with world renowned multinational petrochemical companies.

For our petrochemical projects we require the following senior personnel:

GENERAL MANAGER - TECHNICAL

Madras and Vizag

The incumbents will be responsible for implementing the projects at Madras and Vizag and will subsequently be responsible for the management of manufacturing operations. They will be required to lead the transition from project to operations smoothly. The candidates should be Graduates in Chemical Engineering from reputed Institutes and must have a proven track record in project implementation and manufacturing, with at least 5 years' experience at a senior level in petrochemicals/fertilisers/continuous process industry.

Age : Around 40 years.

GENERAL MANAGER - MARKET DEVELOPMENT

Bangalore

The incumbent will be responsible for developing the market for our petrochemical products. The candidate must be highly innovative, with an ability to create an efficient marketing infrastructure. The candidate must be a Science Graduate or a Graduate in Chemical Engineering and preferably an MBA from an Institute of repute. He must have extensive experience and a proven track record in marketing speciality chemicals and polymers.

Age : Around 40 years.

The Group offers excellent prospects for career growth. The remuneration package will not be a constraint for the right candidates. Please apply within 10 days, to

The Group Vice President - Personnel ,

THE UB GROUP

UB House,1, Vittal Mallya Road, BANGALORE - 560 001

AUTOMOBILE COMPONENT MANUFACTURER
DELHI

A highly profitable automobile component manufacturing organisation with a leading brand name in the OE market and an annual turnover of Rs. 8 crores needs the following personnel to strengthen its management team to double its turnover in 2 years and enhance its thrust in the replacement market. The group has recently entered into a foreign collaboration with a leading European company and offers a challenging work environment and possibility of rapid personal growth.

GENERAL MANAGER -MARKETING-

Salary Rs. 6000-8000 p.m. + perks

Candidates should be engineers, aged 30-35, with a strong background in marketing and experience of managing a widespread dealer network and sales team. The position involves responsibility for OE, institutional and replacement markets.

GENERAL MANAGER -MATERIALS-

Salary Rs. 6000-8000 p.m. + perks

The selected person will be an engineer, aged 30-35, with in depth experience of vendor development, improving vendor manufacturing methods and quality, operations planning and control and pricing. Exposure to imports is desirable. Materials management is considered a key function.

GENERAL MANAGER -FINANCE-

Salary Rs. 6000-8000 p.m. + perks

The selected person would head the finance function and pay particular attention to management reporting, costing, budgeting and financial planning. Candidates should be chartered/ cost accountants, aged 30-35, with exposure to EDP. Knowledge of taxation would be an advantage.

GENERAL MANAGER -WORKS-

Salary Rs. 6000-8000 p.m. + perks

A division head is required to manage a decentralised production profit centre. The responsibilities include planning of operations and inputs, overseeing achievement of production and despatch targets, methods and process improvement, etc. Emphasis on quality improvement and cost reduction are essential facets of the job.

SENIOR MANAGER -MARKETING-

Salary Rs. 4000-5000 p.m. + perks

The company requires two senior managers, one to look after OE and institutional sales and the other to oversee sales, promotions, advertising, etc. for the replacement market. Engineers would be preferred. Age around 30.

SENIOR MANAGER -PERSONNEL-

Salary Rs. 4000-5000 p.m. + perks

The incumbent, aged around 30 should have a degree in social work or management. He would be responsible for development and implementation of personnel policies, appraisals, management development, career planning and administering employee benefit programmes.

Perquisites include a good housing allowance, car for general managers and conveyance allowance for senior managers, medical, leave travel and retirement benefits.

Applications indicating position applied for should be addressed to:

MSG

ASHOKE BAHL
Director

MANAGEMENT SERVICES GROUP
14 Kautilya Marg, Chanakyapuri
New Delhi-110021

Applications shall be treated in the strictest of confidence and no disclosure shall be made to anyone without the candidates prior permission.

Careers in Couriering that won't leave you high & dry

Otherwise we wouldn't have a work force of over 1200 staking their futures with us. From a modest beginning in late 1983, we now are a Company with Sales over Rs. 150 million. This heady success has not gone to our heads. We still are learning and trying to do our best. But we do credit ourselves with a vision and an extreme passion for efficiency, which sets us apart from the rest. Having dedicated aircrafts and linkage to a global satellite for worldwide communication, may seem like building castles in the air. But then there is no place for skeptics here. And besides, what would you be here for? Yes, to give shape to our plans. One last thing before we tell you about the job. Are we professional? Just pick up the phone and call any of our 5000 clients. Who can judge us better than our clients?

In our efforts to create a more progressive structure, we may have openings for you as

BRANCH MANAGERS

Located at any of the following places Ahmedabad, Bangalore, Bombay, Calcutta, Cochin, Coimbatore, Hyderabad, Indore, Jullundur, Kanpur, Madras, New Delhi and Pune.

Our Branch Managers would be heading a profit-centre and responsible for a team of over 50 persons with the responsibility for Sales Management, Operations Management, Accounts & Administration in the Branch. All this tuned towards the singular task: earning our clients' trust.

We think that people who can handle this hign pressure and demanding job, should be Graduates from one of the leading Business schools from India/abroad with about 5 to 6 years Sales Management experience in a highly competitive Industry. People who think positively and can find openings where there are none, would meet our requirements admirably.

An exciting package awaits you.

You could take around 10 days to send in your detailed resume to the address given below. After all, you are making a long-term decision.

Vice-President Resources
Blue Dart Courier Service,
Lumbini Palace, Tejpal Road,
Vile Parle (E), Bombay-400 057.

BLUE DART
COURIER SERVICE

BDCS/Clamar

the concept

have been retained by one of their clients to select top notch Marketing and Product design development professionals. Our client is a joint venture of a leading Indian Industrial group in Technical collaboration with and equity participation from a world renowned Multinational, in the area of Automotive Components.

The collaborator is particularly known for superior product design, advanced Manufacturing Technology and outstanding product quality. Their customer list includes virtually every major automobile producer in the world.

The Indian joint venture is currently a medium size company and has ambitious growth plans. They are, in fact, currently in the process of adding several new products.

Product sophistication and quality, customer service, Professionalism, Individual initiative and creativity are some of the core values stressed by the company.

MARKETING MANAGER

The Job: The Marketing Manager would be responsible for all-India Marketing & Sales of all the Company's Products. He will be responsible for development and implementation of Marketing strategies and plans, company's sales and distribution, product pricing, sales promotion and market intelligence.

He will lead and manage an experienced and competent team of Sales Personnel and would be required to achieve all India sales targets with their support.

The assignment would call upon special strengths in the areas of Industrial/OEM marketing, customer service and satisfaction, developing new Industrial clients and creativity to retain and build the marketing team. The incumbent would also be required to provide feed back to Manufacturing and R & D departments in terms of developing existing and new product lines to meet customer needs. He will head the function with a Profit centre responsiblity. He will actively participate in the formulation of overall company strategies, plans and policies. The incumbent should be true, all in all, a Marketing Professional with proven ability and have the reputation of being a "doer."

The Candidate: The candidate should be in the age group of 30-35 and should be an Engineer with MBA from a Premier Management institution. He should have adequate marketing and sales experience of which the later portion should be on a senior level in an Industry compatible and synergetic with Automotive Components Industry. It would add to his credentials.

MANAGER (PRODUCT DESIGN/DEVELOPMENT)

The Job: The selected candiate will take charge of the Product design/development. His key area of responsibilities would include Technology transfer (including indigenising designs/drawings). Product adaptation for specific customer applications. Technical support to Vendors, Customers and Production Process functions, Endurance testing and developing and making Prototypes, Product Value Engineering, etc. He will lead a group of young qualified Engineers in diverse disciplines.

The Candidate: He should be a Graduate/Post Graduate in Mechanical/Electrical Engineering with about 12-15 years of experience in Product design/development, preferably of mass production, light engineering industry using f.h.p. motors.

The Environment: Both the positions are in the Senior Management cadre and would report to the General Manager of the Company.

The organisation offers an environment of challenge and responsibility within a young and professional team. Outstanding performers are assured of rapid growth opportunities. Personality traits like motivation, quick grasping power, mental flexibility, maturity and balance, self confidence, ability to effectively deal with people at all levels would be of value. Total commitment to work is a pre-requisite.

The Location: The Plant is located very close to Delhi. It is about one hour drive; many of the senior executives of the company do stay at Delhi.

Remuneration: There is no constraint on the salary and perquisites. We would like to recommend the best talent available.

All applications will be treated in strict confidence. Please write within 7 days along with telephone contact numbers to:

CHANDER BATHEJA
Chief Executive.

THE CONCEPT
Counsel of Management Services.

67, White Hall, (Next to Shalimar Hotel at Cumballa Hill),
143, August Kranti Marg, Bombay-400 036.
Phones: 8224422-23/8118319.

Steel Tubes of India Limited

Steel Tubes of India Limited is the No. 1 manufacturer of ERW and CEW precision steel tubes and also has its own sophisticated Cold Rolling Mill. STI has a successful joint venture in Singapore, in financial participation with Japanese giants – Kobe Steel and Tokyo Boeki. A project for the manufacture of double-walled copper brazed tubes in collaboration with a reputed German Company is another of STI's expanding activities. The group turnover exceeds Rs. 75 crores. In keeping with the fast growth, STI needs qualified persons for the following positions.

1. MARKETING MANAGER (STRIPS DIVISION)

The candidate would ideally be in his early thirties, with a degree in Metallurgical/ Mechanical Engineering, preferably with an MBA in Marketing. He should have at least 5 years experience in selling similar products.

2. MANAGER (QUALITY ASSURANCE)

The candidate should hold a Bachelor's Degree in Metallurgical Engineering with about 8-10 years experience in Quality Assurance functions in an engineering industry. He will be responsible for controlling and finalising the process sequence and maintaining quality standards of products keeping in view their respective end applications.

3. CHEMICAL ENGINEER

The person should be a B.E. in Chemical Engineering with 2-3 years job experience in a chemical industry preferably electro-plating plants.

4. BRANCH MANAGER (PUNE)

The incumbent should be a B.E. in Mechanical/Metallurgical Engineering with 5-7 years of experience in selling engineering products and should be conversant with the functioning of branch operations of a reputed Company.

Attractive remuneration and perquisite package shall be offered for the above positions commensurate with qualifications and experience, with opportunities for better prospects. All positions except that of Branch Manager (Pune) are for Dewas. Persons should apply in strict confidence with a detailed bio-data within 15 days to:

The Manager (HR),
Steel Tubes of Indiaa Ltd.,
Steel Tube Road, Dewas - 455 001 (M.P.)

Weston®

The electronics people

The Perfect Opportunity.

Growth with one of India's largest electronics group.

Weston, the largest private sector electronics group in the country, is now poised for rapid growth. We require the following people for our new projects and existing plants in Delhi and Noida.

Works Manager (Colour Flyback Transformer):

Candidate should be a first class B.Tech/B.E. with 8-10 years' relevant experience in running a flyback transformer unit. Must be conversant with flyback transformer technology.

Manager (R&D/Q.C./Production)

Candidates should be 1st class graduates in Electronics with 6 to 7 years experience in Production/Q.C. or Development of electronic equipment. He should be dynamic, result oriented and be able to lead a team of engineers.

Dy. Manager (Electronics and Mechanical): Plant Engineering

Candidates should be B.Tech/B.E. with 4 to 5 years' experience in maintenance, repair and installation of sophisticated computerized machines and electronic equipment. Diploma holders and Ex-Defence personnel having relevant experience may also apply.

Senior Engineer (R&D)

Candidates should be first class graduates in Electronics with 1—2 years experience preferably in computer aided design on P.C.'s

Mechanical Engineer (R&D)

Candidate should be a diploma holder with 2 years' experience (or I.T.I. with 4 years' experience) in development of mechanical parts for Electronic equipment.

Senior Engineers

Candidates should be diploma holders with 5 years' experience in maintenance and repair of electronic instruments.

Tool Room Engineers

Candidates should be diploma holders with 2 to 3 years' experience in precision tool making.

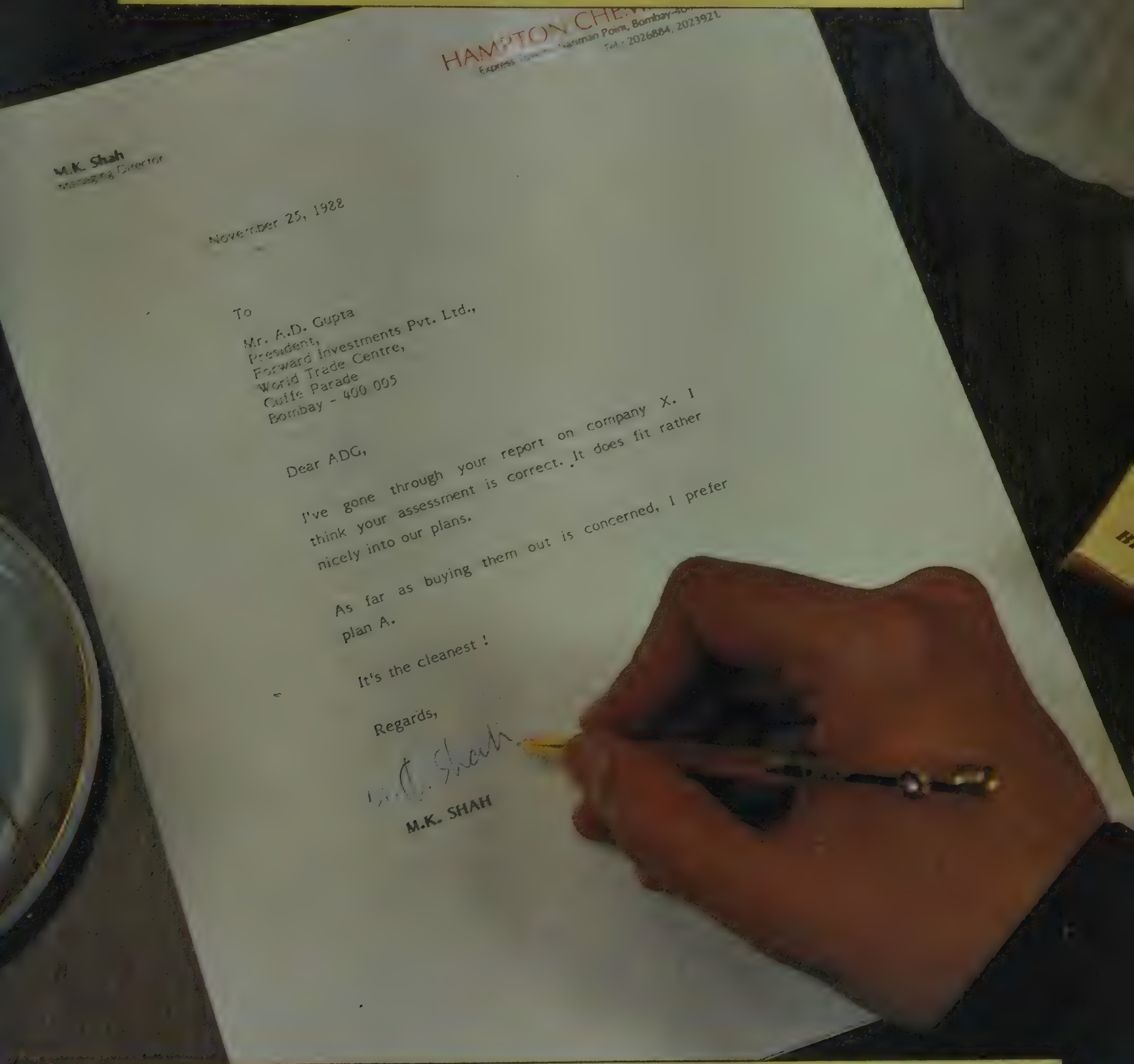
Defence Service personnel with similar/equivalent qualifications and experience may also apply.

Salary will be commensurate with qualifications and experience and will not be a limiting factor for the right candidates. Besides salary, we offer attractive perks and an excellent environment for growth.

Please apply, within 10 days, to

The Executive Director,
Weston Electroniks Limited,
Weston House,
Okhla Industrial Estate,
New Delhi-110 020

YOU CAN TAKE OVER A COMPANY ON NEW EXECUTIVE BOND PAPER



Introducing New Executive Bond Paper. It's so special that top management will find it specially suitable for all their communication – from takeovers and technical collaborations to new product launches.

And what makes it so special is the look. It's rich, pure white, with a distinctive but discreet watermark. And the feel. Crisp, of course and entirely expensive. *(Imported D.O. Paper is not even remotely near).*

NEW
Executive Bond

A speciality paper from BILT Ballarpur Industries Limited

Regional Offices: Bombay: Ph. 2023876 Calcutta: Ph. 443173 Delhi: Ph. 3328811 Madras: Ph. 474564.

BAHWAN AUTOMOTIVE CENTRE
MUSCAT

We are the largest Business Group in the Sultanate of Oman. The Bahwan Automotive Centre is an important part of the Bahwan Group and enjoys an enviable place of prominence in the business circles in the country. Our Automotive Centre represents world-renowned automobile/ construction equipment giants like TOYOTA, FORD, M.A.N, KOMATSU, DAEWOO, LADA, KUBOTA TRACTORS, YOKOHAMA TYRES, THERMOKING REFRIGERATION UNITS etc. With the recent acquisition of new franchises, we are poised for further expansion and diversification and have openings for the following senior positions for ambitious professionals raring to achieve career growth:

SERVICE MANAGERS (AUTOMOBILES/CONSTRUCTION EQUIPMENT/HEAVY TRUCKS):

The incumbents should be capable of independently managing the entire service set-up as a profit centre. We have large and well-equipped workshops in the capital area and in the branches located throughout the country. As Service Manager, the selected candidate will be actively involved in the running of these service facilities to ensure the desired level of after-sales-service efficiency and customer satisfaction. Other facets of his responsibilities include managing a large complement of service personnel, manpower development and training, liaison with Overseas Principals, warranty administration etc. Leadership qualities, highly developed service and cost consciousness, proven shop floor experience and excellent communication skill are all vital factors which will influence the final selection.

QUALIFICATION:
Graduate in Mechanical/Automobile Engineering from a reputed institute like I.I.T. Additional Management degree will be an asset.

EXPERIENCE:
12 to 15 years in the Service Department of a prestigious automobile manufacturing company or dealership, of which atleast 5 years should be as Head of Service Department.

SPARE PARTS MANAGERS:

The job involves overall responsibility for inventory control/ management, formulating and implementing aggressive marketing strategies, customer/ marketing evaluation, ensuring timely availability of spare parts, negotiations and follow up with Overseas Principals. He will be responsible for sales efforts in the capital area as well as in the branches. Manpower development and training will also form a part of his responsibilities.

QUALIFICATION:
Degree in Mechanical Engineering with Post Graduate Management education is preferred.

EXPERIENCE:
Should have 7 to 10 years experience in Parts Management in any reputed Automobile Dealer/ Manufacturer. Must possess thorough technical knowledge in the Automobile field and should be conversant with various auto components. A self starter with proven track record of professional attainments, excellent communication skills and capable of motivating his juniors for achieving optimum results would be eminently desirable. We value professionals with creative, innovative and committed approach.

AGE LIMIT:
40 years for both positions

EMOLUMENTS:
Salary will not be a constraint in the choice of the right candidates and attractive remuneration package including fully furnished family accommodation, car, air passage, free medical facilities and gratuity will be offered.

Applicants willing to join us from a long term perspective need only apply within a week along with detailed personal profile, recent photograph and copies of credentials/ passport to:

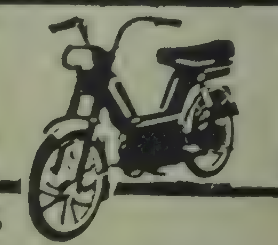
The Personnel Manager
Bahwan Automotive Centre
PO Box 168, Muscat, Sultanate of Oman.

Persons employed in small/medium sized set-ups need not respond as they will not merit consideration for placement.

Interviews will be held in early February in Bombay, Delhi, Calcutta, Madras, Bangalore and Hyderabad. Please indicate your preference in the application and superscribe the reference of the post applied for on the envelope.

Sai—29

KINETIC ENGINEERING LIMITED



LARGEST MANUFACTURERS AND EXPORTERS OF MOPEDS

REQUIRES FOR THEIR R & D CENTRE IN PUNE

"SENIOR R & D PERSONNEL"

The centre, which already houses one of the best facilities for two-wheeler research and development in India, is being enlarged substantially, as a part of the company's expansion and modernization programme.

The company ranks as one of the world's largest two wheeler manufacturers with export to many countries including Western Europe. Luna, Spark and Swift mopeds produced by the company are already the prime products in India. In addition, the joint venture Kinetic Honda Motor Ltd. with the world famous Honda Motor Co . of Japan is now producing the world's most popular scooter in India.

Highly qualified professionals with R&D experience in advanced automotive engineering will find excellent opportunities for applied and basic work. The positions available are :

POSITION	QUALIFICATION	EXPERIENCE
1. **MANAGERS** (Advanced Engineering) 2. **DEPUTY MANAGERS** (Advanced Engineering)	Post Graduate or Bachelor's Degree in Mechanical Engineering with specialization in one or more of the following fields. I.C. Engines two wheeler vehicle dynamics, stress analysis and fatigue testing, computer aided design of components, advanced vehicle proving systems.	10-15 years of experience for Managers and 7-10 years for Deputy Managers in R&D out of which at least 5 years (for Managers) and 3 years for (Deputy Managers) must be in the respective area of specialization in a responsible position with a proven record.
3. **MANAGER** (Material Science)	Post Graduate or Bachelor's Degree in Metallurgical Engineering.	10-15 years of experience, preferably in the automotive industry. Good exposure to non metallics used in the automotive industry will be an added advantage. Should be conversant with modern failure analysis methods.
4. **ASSISTANT MANAGERS** a. Product conceptualization. b. Product Design. c. Vehicle Proving d. Product Development	Post Graduate or Bachelor's Degree in Mechanical Engineering.	7-10 years of experience preferably in the automotive industry in the appropriate field.

Attractive compensations commensurate with qualifications and experience will be offered which will include, in addition to the basic salary, various allowances and perquisites such as House Rent Allowance, reimbursement of conveyance expenses, Leave Travel Assistance, reimbursement of medical expenses, Provident Fund, Gratuity etc.

Apply within 10 days giving complete bio-data, qualifications, details of experience, present position held with emoluments, and expected compensations together with a passport size photograph to :

The Personnel Manager

Kinetic Engineering Limited., Chinchwad, PUNE - 411 019.

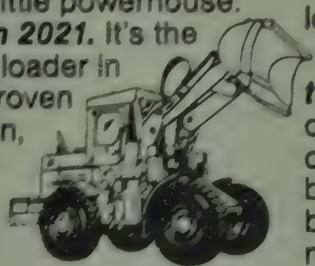

Showing the right track
to greater profits.

Hindustan Loaders. A payback period of as little as eight to ten months makes them the most profitable in each class. The reasons? High productivity and reliability because of proven technology.

The moneyspinners

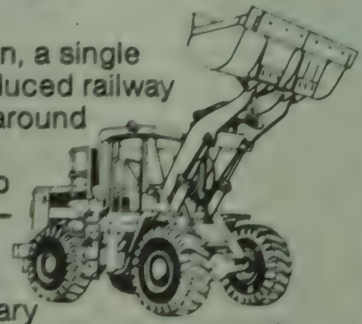
When every minute is money, short cycle times mean added profits. Hindustan Loaders are nimble and light on their feet, to shave off those moments that make all the difference. Meet the cast.

First, the little powerhouse: ***the Hindustan 2021.*** It's the largest selling loader in the country. Proven again and again, it has built businesses.



Hindustan 2021. 1.5 — 3.1 cu.m.

Next, something bigger: ***the Hindustan 966D.*** It's the largest selling wheeled loader in the ***world.*** Of course, it's also one of the most advanced. Its Z-bar linkage gives it a very high breakout force in proportion to power. It also has an excellent Caterpillar powertrain. Digging times are much shorter and it can move with full bucket loads of up to 4.6 cu.m. In one application, a single 966D reduced railway rake turnaround time from 7 hours to 5 hours — despite replacing two ordinary loaders.



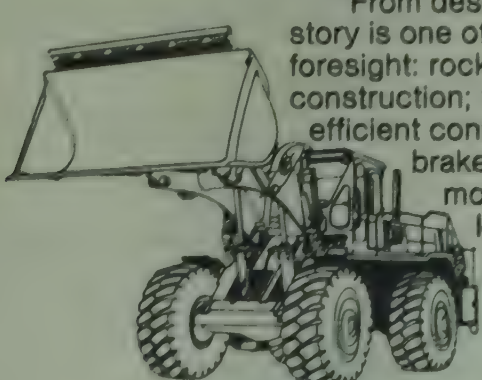
Hindustan 966D. 3.1 — 4.6 cu.m.

The heavyweight follows: ***the Hindustan 2071.*** Under optimum digging conditions it can replace an excavator because of its tremendous breakout force. With its high mobility and low operating costs, it offers a lot more too — making it ideal for overburden removal, limestone quarrying and iron-ore mining.

Finally, there's the quick change artist: ***the IT12.*** It's so versatile it can handle up to 40 tasks like digging, lifting, log-handling, stacking, scraping... changing from one to another within seconds.

Crafted to go on and on...

From design onwards, the story is one of care and foresight: rock-solid construction; frugal engines; efficient controls; fail-safe brakes; lift-cylinders mounted inside the loading tower... the list of features is almost endless.



Hindustan 2071. 5.7 — 8.0 cu.m.

Each element plays a part, however, in making Hindustan Loaders the most reliable and durable in the country.

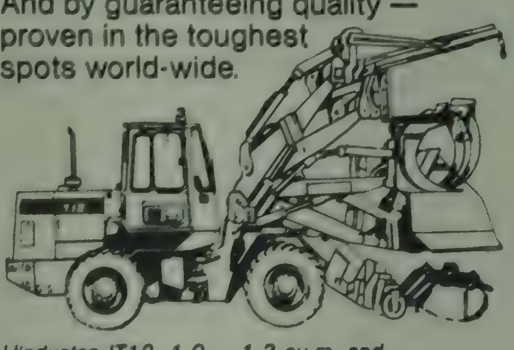
Maintenance couldn't be simpler either. Grouped grease points and easy access to main assemblies speed up service. Customer support is now comprehensive, with better parts availability, service staff, tooling and training. All this goes to **reduce downtime** to an absolute minimum.

A range of equipment

The Hindustan range of earthmoving equipment comprises dumpers, loaders and crawler-tractors. It's a perfect blend of Hindustan Motors' experience and Caterpillar technology.

The sum : profit

Hindustan Motors stretches your investment to the fullest.
By offering a range of hard-working, reliable machines.
By ensuring low cost operation.
And by guaranteeing quality — proven in the toughest spots world-wide.



Hindustan IT12. 1.0 — 1.3 cu.m. and 5 working tools

Get Hindustan. And Profit.

For more information, contact:

HINDUSTAN

Moving into now technology

Hindustan Motors Limited
Earthmoving Equipment Division
P.O. Meinallathur 602 004
Tiruvallur, Tamilnadu.

Marketed & Serviced by :

GMM CO General Marketing & Manufacturing Co. Ltd.

Madras • Bombay • Calcutta • Hyderabad • Nagpur • Goa • Baroda • Bilaspur • Ranchi • Singrauli

TIL TIL Limited

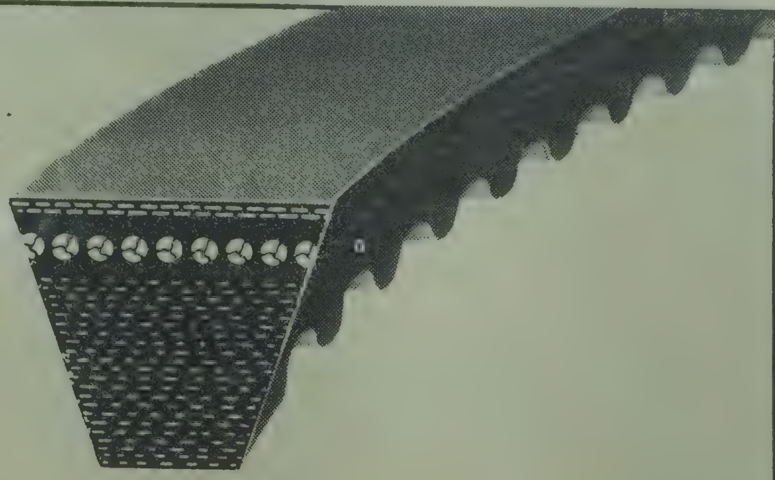
Calcutta • New Delhi • Dhanbad • Asansol • Lucknow • Jaipur • Chandigarh

Caterpillar, Cat and CB are Trademarks of Caterpillar Inc, USA

HILTON

REQUIRES

ENGINEERS



For its Offices at Hyderabad, Bombay, Pune, Calcutta and Delhi. The Candidates should be graduate Mechanical Engineers with two/three years field experience.

The product which they are required to market are a complete range of new technology V-Belts for Power Transmission used extensively in the industrial and Automotive sector. These are being manufactured in Collaboration with Arntz Optibelt KG. West Germany.

WHAT WILL THEY ACHIEVE ?

They are required to inter-act with consultants and actual users. Use of these belts would cut downtime of machines, reduce maintenance costs drastically, as this range of belts require almost no maintenance, increase productivity and reduce energy consumption.

WHAT ARE WE LOOKING FOR ?

For youngesters, who do not mind getting their feet wet and clothes dirty, who are in a position to do 15-20 days travelling, and who can communicate effectively to their customers the benefits, they can offer.

They would be rquired to study customer needs and offer solutions for mechanical power transmission specially for areas earlier considered less suitable for V-belts.

WHAT CAN THEY LOOK FORWARD TO ?

Hilton Rubbers Limited is growing company, which has increased its turn-over from Rs. 7.5 crores to Rs. 28.83 crores in just 5 years and is poised for growth into yet newer ventures. Each one of these Engineers after satisfactory completion of 3/4 years in the field and creating a market would be moving into middle management levels, all the while doing something, which is not only commercially correct but also a national saving.

WHAT CAN YOU EXPECT ?

Do you really believe that if you fit the above and can achieve your task, money shall be a constraint?

WHAT YOU HAVE TO DO ?

Apply with complete bio-data, a recent passport size photograph, within 15 days to:

General Manager Power Transmission Division

HILTON RUBBERS LIMITED

S-23, GREEN PARK EXTN., NEW DELHI-110016.

COMPOSIT

We know our products will always be a brilliant investment... We'd like you to share in the benefits.

WILDON India, in collaboration with Wildon Industries Incorporated, a wholly owned subsidiary of FORMICA Corporation USA, introduces Cultured Marble, the innovation in building material.

We are now looking for a PRESIDENT and a MARKETING MANAGER to share in the benefits.

A **PRESIDENT** who is a negotiator of high calibre, imaginative and resourceful with a good understanding of the business. Will be responsible for building an excellent team, for policy and strategy formulation and the entire financial, commercial, production and administrative activities.

An outstanding individual with leadership qualities and with a track record of achievements will prove to be the ideal choice.

A **MARKETING MANAGER** capable of initiating and implementing innovative and aggressive strategies for marketing. He will have the entire responsibility for formulating and directing marketing and sales policies and achieving the growth and the profitability targets.

Chemical Engineer or a Post Graduate in Polymer Chemistry with a flair for interior design will be just the right man.

The compensation package is exceptionally attractive and will not be a constraint for the right candidate

Please apply within 15 days to:

The Managing Director

WILDON W

WILDON INDIA LIMITED

"Kautilya" Amrutha Estates Somajiguda
HYDERABAD 500 482 (AP)
Phones: 222490/224137

Mudra/H

Modern GROUP

Modern is a Jaipur based professionally managed diversified multi product industrial group having turnover of Rs. 100 crores. The group has five manufacturing units in Rajasthan and a Commercial Office at Bombay. We are looking for the following positions in senior management cadre.

A. VICE PRESIDENT (EXPORT)

Modern Suitings is fast growing company of the group. It has the domestic turnover of Rs. 24 crores. It has now added highly sophisticated world renouned Sulzer make fully automatic looms for manufacturing worsted (Terrywool) Suitings. The turnover is expected to go upto Rs. 35 crores. We are already exporting Synthetic Suitings to Europe and Middle East countries and now looking for developing the Exports of worsted Terry Wool Suitings to Overseas Markets.

We require a dynamic person to be based at Bombay reporting to the Executive Director at the plant. Preference would be given to those who own their own flat and have telephone at their residence. The candidate should be in the age group of 30-40 years and should have a minimum experience of 10 years in the export of Textiles preferably Polyester viscose and Polyester wool suiting and having contacts in the Overseas markets.

B. VICE PRESIDENT (FDS)

We have on-going schemes for fixed deposits in the group companies. We have large number of fixed deposit holders. We wish to start F.D. Service centres at Bombay, Delhi & Bangalore apart from the one we already have at Jaipur with an objective to provide satisfactory services to the fixed deposit holders in these areas.

We are looking for the dynamic senior Chartered Accountant with minimum 10 years experience in handling fixed deposit schemes of large companies/group in the age group of 30-40 years to be stationed at the Corporate Office of the group at Jaipur. Candidates having good aptitude for such responsibility and have ability to highly motivate Managers & Brokers to the scheme to mobilise fixed deposit support for the group.

Please mail immediately full details of age, qualifications, present salary, salary expected, experience, family background, references etc. to the

Chairman,
Modern Group of Industries,
D-22, Moti Dungari Road, Jaipur-302004.

Modern GROUP

'MODERN' is a professionally managed growing group in INDIA having turnover of Rs. 100 crores which is expected to further grow to Rs. 200 crores in next five years. Group's plants are located at Alwar, Bhilwara and Abu Road in Rajasthan. Group is looking for the following senior professonal:-

1. VICE PRESIDENT (FINANCE)
A Chartered Accountant with minimum 10-15 years experience should only apply. Person will be stationed at the plants and would report to plant Executive Director. Person having experience in Textile industry would be given preference.

2. VICE PRESIDENT (BANKING)
A Chartered Accountant with 10-15 years experience in handling banks and financial institutions in senior capacity should only apply. Person would be required to be stationed at Delhi/Bombay. Person having own residence/telephone would be given preference.

Please apply immediately giving full details of qualification, experience, present salary drawn, salary expected and references to:

The Chairman,
Modern Group of Industries
D-22, Moti Dungari Road,
JAIPUR-302004

A ROOM AT THE TOP

A large multiproduct industrial organisation having its Head Quarters at Delhi seeks to appoint

An Expert in High-Tech

The candidate should have wide and varied experience in the field of high technology product and should be able to identify the item and also suggest a suitable foreign collaborator. High degree of technological knowledge coupled with Project-Financing experience and ability to comply with statutory obligations is a must.

The selected candidate may be required to launch the project himself for which full organisational and financial support shall be made available.

Attractive salary with suitable perks and a growth oriented career in a senior level of the organisation shall be assured.

Please apply in confidence with full particulars to:

Box No. AA/284/LE/1
Business India
Nirmal, 18th Floor
Naiman Point, Bombay 400 021

SPEL SPEL SPEL SPEL

SPEL

Invites
applications for the post of

MANAGER (MARKETING)

SPIC Electronics and Systems Ltd., has set up the most modern high-tech plant for assembly and packaging of 25 million Integrated Circuits per annum. Besides, SPEL is also setting up a plant for manufacture of Computer Tapes/Diskettes at Maraimalai Nagar near Madras.

The Company is looking for an highly result oriented person to head its marketing division for marketing of Integrated Circuits (ICs), semi-conductor devices and magnetic media products like Computer Tapes, Diskettes etc.

Qualification: First Class Bachelor's Degree in Electronics and Communication Engg. with proven academic record. A MBA degree with specialisation in Marketing from a recognised University would be an added advantage.

Experience: A minimum of 10 years experience in the line of which atleast 5 years as MARKETING MANAGER in a reputed Electronics industry.

Age: 35 to 40 years

General: Candidates should be dynamic and wiliing to travel extensively and build-up a challenging career in marketing/applications support for the project. Salary will be commensurate with qualification and experience.

Please apply in confidence within 7 days with complete Bio-data and a passport size photograph to :

The Managing Director
SPIC Electronics and Systems Ltd.
Plot Nos. 1,2,5 & 6 NH-7
MMDA Industrial Complex
Maraimalai Nagar - 603 209
Chingleput Dist.

SPEL SPEL SPEL SPEL SPEL SPEL SPEL SPEL SPEL SPEL

SPEL SPEL SPEL SPEL

PROFAD/SPEL/249/88

INDOKEM

A KHATAU ENTERPRISE

Indokem Limited, an established name in Dyes & Chemicals, with a turnover of Rs. 50 crores per annum, is a part of the progressive Khatau Enterprise, The Group includes Carona Limited, Varun Shipping Limited and Khatau Junker Ltd.

The company has ambitious growth plans and it has become essential to strengthen the Marketing team for Agro Chemicals manufactured by Khatau Junker Limited. Consequently, the need for a SENIOR MANAGEMENT POSITION to head the Marketing team has arisen.

MARKETING MANAGER — AGRO CHEMICALS:

The selected candidate (age group 35-40 years) will be responsible for organising the entire Marketing operations of various Technical Grades Pesticides and Formulations and will be supported by a team of Field Personnel in various states. He should have 7-10 years proven Marketing experience of Agro Chemicals, preferably with a multinational company.

The job calls for very high calibre Techno-Commercial acumen and a thorough knowledge of pests, products and crops in various parts of India and even world-wide, as the candidate is also expected to develop overseas market.

Agricultural Graduates, having a Management qualification from any of the IIMs or a reputed Institution will be ideally suitable. The position is initially envisaged to be at Bombay and the remuneration package will be on par with the best in the Industry.

mcs

Please apply with detailed resume or contact in person Mr. R. C. Vadhar, Chairman or Mr. Imtiaz Ashraf, Selection Manager, Creative Marketing Consultants Services (P) Ltd. 21, Atlanta, Nariman Point, Bombay-400 021. Ph: 231464

Reputed International Company

needs

for its operations in India

TOP MARKETING/ SALES MANAGER

The candidate must be below 45 years of age and must have atleast a total of 10 years experience in various aspects of marketing, market research, sales of consumer or consumer durable products.

The position holds an interesting challenge and entails innovative and independent work in India in close association with the principals abroad. If successful, the candidate could be appointed as the Chief Executive of the organisation in India.

The salary package is not likely to be a constraint for the right candidate.

Applications, in confidence, giving full particulars including contact telephone number should be made within the next week to: Post Box No. 1501
CODE/TP
Bombay 400 001

Dazzal ap

V.I.P. INDUSTRIES LTD.

We are the pioneers and market leaders in the moulded and soft luggage business in the country. Our manufacturing facilities at Nasik, Jalgaon and Nagpur yield a combined turnover of around Rs.70 crores per annum. To meet our ambitious growth plans, we require:-

DEPUTY MANAGER — QUALITY CONTROL

Location — Nagpur

The incumbent must have the ability to contribute substantially to the manufacturing process to achieve a high quality end product and will report to the Manager (Quality Control) who heads the function. His primary responsibility will be to set standards as well as assure the quality of raw-materials, components and in-process & finished goods. The Company believes in the pursuit of excellence and accords high priority to the quality control and assurance functions. Responsibility would also include process and product control, collection and analysis of data on quality.

The candidate should be a Graduate in Mechanical Engineering with sound knowledge of quality control techniques. Minimum 8 years relevant experience is essential, out of which at least 3 years should have been at a managerial level in a mass manufacturing concern, preferably dealing in consumer durables. Specialised qualifications in 'SQC' and knowledge of the latest development in the field such as 'Quality Circles' will be an advantage.

The Company provides a good compensation package, excellent work environment and opportunity for career advancement based on performance.

Please apply within 10 days giving full details of age, education, experience, salary drawn and expected, superscribing the envelope with 'DM-QC', to:

Asst. Manager (Personnel)
V.I.P. INDUSTRIES LTD
Post Box No.25, Satpur,
Nasik 422007 Maharashtra.

ASSISTANT/ DEPUTY MANAGER MECHANICAL

HYDERABAD (Rudraram Works)	Rs. 1,500 to 2,300 + benefits
	Rs. 1,850 to 2,580 + benefits

We are a multi-crore unit promoted by Hindustan Organic Chemicals Limited (A Govt. of India Enterprise) with APIDC, manufacturing and marketing PTFE — the most versatile Engineering plastics with French collaboration.

The incumbent will be responsible for operation and maintenance of utility services like refrigeration, boilers, heavy duty air compressors, DM water treatment plants, DG sets, etc. He will also be required for executing minor projects works right from the design stage to installation and commissioning.

Applicants must be graduates in Mechanical Engineering with 8–10 years of proven experience and track record. Perference will be given to candidates having experience in the maintenance functions of large chemical/petro-chemical/ refinery plants.

Knowledge of codes, material testing procedures and spare parts management will be an added advantage. Telugu/Hindi knowledge is desirable.

Applications from Indian Nationals along with Postal Order for Rs. 12.50 should reach within 15 days of this advertisement.

Assistant Manager (Personnel),
Hindustan Fluorocarbons Limited,
1482, Babukhan Estate
Hyderabad-500 001

Nagarjuna Finance Limited

We are among the largest finance companies in the country with a gross asset portfolio of over Rs. 45 crores and operate in a competitive environment all over the country. We belong to the dynamic, well diversified Nagarjuna Group. As part of our expansion plans, we require:

ACCOUNTS EXECUTIVE

for our Corporate Office at Hyderabad.

The incumbent will report to the functional head and will be responsible for the day to day financial accounting, auditing, banking and other related activities.

He should be a Chartered Accountant with about 2/3 years post-qualification experience. Knowledge of computer based systems would be an asset.

Preferred age : Around 26 years.

The position would offer a rewarding career to an outstanding professional. Remuneration will be commensurate with qualifications and experience and will not be a constraint for a meritorious candidate.

Please apply in strict confidence giving the complete bio-data including details of past experience, present salary drawn, etc., within 10 days to:

The Manager - HRD
NAGARJUNA FINANCE LIMITED
Nagarjuna Hills
Hyderabad 500 482

Growth through innovation

CHIEF EXECUTIVE

Location: North India **Age: 35 +**

A professionally managed, fast expanding group, having multi-product, multi-location business activities, now needs a dynamic, result oriented CHIEF EXECUTIVE to manage five of its small / medium manufacturing facilities for Carbon based products, Chemicals & Paints and Dairy products.

The incumbent would report directly to the Head of the Group and would be responsible for creating a Central Management Cell and through it professionalise and expand the activities effectively.

The candidate should be a Mechanical Engineer with formal education in Management and atleast 2-3 years experience in managing independently the total operations of a manufacturing unit.

Remuneration Package shall be commensurate with qualification and experience, and shall not be a limiting factor for the right candidate.

Please apply in strict confidence to:

INSIGHT

INSIGHT MANAGEMENT CONSULTANTS
D-16, ANAND NIKETAN, NEW DELHI-110 021

A North India based professionally managed Company engaged in the manufacture of electronic items with foreign collaboration, is on the look out for the following high calibre professionals reporting directly to the Managing Director.

Executive Director

To successfully execute the present and future projects and to take overall responsibility of the present unit including its growth and profitability in the line with the targetted plans. Also he will be required to effectively coordinate all activities such as production, quality control, marketing, finance and should be responsible for the smooth and efficient running of the present and future units of the Company.

The position is in the highest grade of the organisation. The person should be basically an Engineering Graduate holding management qualifications from reputed institution and having over 15 years general management experience with reputed organisations will only be considered.

Chief-Marketing

He will be responsible for all India sales and marketing. A dynamic individual he would be the pace-setter for the company's product in the competitive market and should be capable to respond quickly to the challenges of the market and formulate and implement the short and long term marketing strategies.

The person should be an Electronic Engineer with management qualifications and have proven record of successfully carrying out the marketing functions of reputed organisations at a very senior level in the age group of 40-45 years.

Apply immediately to

Box No. AA 284 LS 1 **Business India,** 59 Regal Building, Connaught Circus, New Delhi 110 001

GENERAL MANAGER (FINANCE)

Ahmedabad **Remuneration attractive**

A well known fast growing group based at Ahmedabad wishes to recruit an outstanding finance man to head the finance function of the group. The group's current turnover of about Rs. 35 crores is expected to be about Rs.60 crores in 3 years.

The General Manager (Finance) will be responsible for heading a team of professionals in the accounting, finance, taxation and systems functions. He will report to the Managing Director.

Applicants must be chartered accountants with about 15 years experience. Experience of working in a computerised environment as well as good knowledge of taxation, excise, etc. is essential. Preferred age: around 40 years.

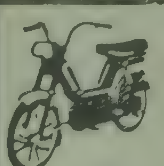
The remuneration will be designed to attract the best talent and will include housing, car, etc.

Please apply in strict confidence within 10 days to:

A.F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref: MS/5020".

KE **KINETIC** ENGINEERING LIMITED



LARGEST MANUFACTURERS AND EXPORTERS OF MOPEDS

KINETIC ENGINEERING LIMITED premier manufacturer of Luna, Spark and Swift Mopeds is one of the largest moped manufacturers in the world. We have already achieved the production of over one million LUNA and turnover is over Rs. 100 crores with an employee strength of 2500. Due to expansion of our activities, we require for our works at AHMEDNAGAR.

ASST. GENERAL MANAGER (Production)

The candidate should be graduate/Post graduate in Mechanical/Production/Automobile Engineering with around 20 years relevant experience in a well, reputed Engineering Industry. preferably an automobile industry. He should have thorough knowledge regarding production, and production planning of various departments such a Mahchine Shop, Press Shop, Paint Shop, Assembly Shop etc. This is being a Senior position the Production Managers in the above mentioned Departments will report to him.

Ahmednagar has well developed industrial and, military complexes with all facilities of a modern city such as Recreation Clubs, English Medium Schools, Hospitals and has excellent Railway connections to all parts of India. It is also within 2 hours drive from Pune where our Head Office is located. We have our own well developed Housing colony in which we provide accomodation to our Senior staff.

Attractive salary and perks will be offered to the selected candidate. Besides salary other allowances, like HRA/House, Conveyance allowance, Medical allowance, Children Education Assistance LT A, Provident Fund. Gratuity, Superannuation, Car and Furniture under Compnay Scheme etc. will be offered as per the rules of the Company. Apply within 10 days to:

The Personnel Manager
KINETIC ENGINEERING LTD., Chinchwad, Pune 411 019.

Finolex
Cables Limited

REGD. OFFICE : 26/27 BOMBAY-PUNE ROAD, PIMPRI, PUNE 411 018 (INDIA)

Requires

MARKETING MANAGER

We are looking for a dynamic and result-oriented marketing executive to head our All-India Sales Organisation.

We manufacture a wide range of electrical and telecommunication cables with a turnover of over Rs. 125 crores for the current year. We have ambitious expansion plans.

This is a senior position in the Company's management cadre.

Candidates to be considered for this post should be in the age group 35-45 years with experience in the marketing of electrical goods, preferably cables, and possessing an Electrical Engineering Degree.

Remuneration package will be commensurate with qualifications and experience.

Please apply within fifteen days, giving complete bio-data, recent passport-size photograph, salary drawn and minimum remuneration package expected, to :

The Executive Director

Finolex gets people together

88-808

CIMMCO INTERNATIONAL

MARKETING MANAGERS/DY. MARKETING MANAGERS

Company Profile

We are a premier Trading House of the Country with a vast network of overseas offices having diversified activities. These include export of a variety of products such as Engineering Goods, Textiles Agricultural Commodities and Chemicals. We also undertake Projects in Civil, Chemical, Electrical & Mechanical fields. We import Industrial Raw Materials and are engaged in third country trading. In order to consolidate and further expand the exports of Chemicals, Drugs and Pharmaceuticals, the company has opened a new division. We are looking for persons for the titled positions.

Experience & Qualifications

The candidates should preferably be Chemical Engineers or B.Sc.(Hons) in Chemistry with experience of 5 to 8 years in exports of Chemicals, Drugs & Pharmaceuticals. The preferred age group for both the positions is 30 to 35 years.

Remuneration

The remuneration would not be a limiting factor for the right candidates.

Those who meet the above profile may please apply within 10 days with full resume, present assignment, salary drawn, salary expected and a recent passport size photograph giving position reference on the envelope, to:

Vice President - Marketing

CIMMCO INTERNATIONAL

Prakash Deep 7, Tolstoy Marg, New Delhi-110 001

An International bank

with branches in
a number of major Indian cities requires a

New Products Manager

The incumbent to be based at Bombay would oversee all activities relating to the design and launch of new products and be responsible for the coordination of all India marketing and public relations activities.

Applicants should be between 26-35 years of age having at least 3 years experience in product development in either a service or consumer goods industry with preferably a post graduate qualification in Management Marketing. Prior experience in design and launching of new products would be an asset.

Compensation package will be very attractive. Accommodation will not be provided.

Applications giving full details should be sent within 10 days to:

Post Box No. 11233
Bombay 400 020

A LARGE INDUSTRIAL HOUSE, poised for rapid growth through diversification in HI-TECH areas, requires following key Professionals for its Electronics Instrumentation Project.

PRODUCTION MANAGER

The job requires sound engineering and manufacturing acumen and excellent Man-Management capabilities. Must be graduate in Electronics with 5 years experience in similar position in Electronics Industry.

QUALITY ASSURANCE MANAGER

The job requires full knowledge of electronic components, material properties, Quality Assurance standards, tests and procedures and manufacturing process. Must be graduate in Electronics with 5 years experience in similar position in Electronics Industry.

MATERIALS MANAGER

The job requires a highly resourceful person having full understanding of Materials planning & sourcing for electronic components and materials from indigenous and overseas sources. Must have 5 years experience in similar position in Electronics Industry, handling Imports independently. Exposure to Computerised Systems desirable.

Compensation package offered would be in line with the best in the country.

Dynamic result oriented professionals with PROVEN TRACK RECORD need apply to:

Box No. AA 284 LU 5, **Business India**, 59 Regal Building, Connaught Circus, New Delhi 110 001.

SENIOR MANAGER
SECRETARIAL & LEGAL

A large blue chip public company wishes to appoint a senior manager for the secretarial & legal function. The manager will provide necessary professional support and his appointment is being made with a view to succession planning. The position is Bombay based.

The assignment will focus initially on legal issues though it will also involve secretarial responsibilities. The legal work would include MRTP/CLB hearings, corporate law, property matters, industrial licensing and commercial litigation. It will require liaison with senior directors of the company, leading counsel, government bodies, etc.

The job offers an opportunity for considerable functional exposure and intellectual satisfaction. This would be apart from career growth and standing within the profession.

Candidates must have legal and secretarial qualifications together with experience in a professional corporate environment. Preferred age: 35-45 years.

Please apply in strict confidence within ten days to:

A.F. Ferguson Associates
P. O. Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked Ref. "MS/5025". Candidates not contacted within two months of application may assume that they are not being considered.

WE REQUIRE
SENIOR MANAGER (MAINTENANCE)

LOCATION : WESTERN INDIA
Salary Rs. 1,00,000 per annum plus perks

Ours is a large, professionally managed engineering Company with an annual turnover of around 200 crores.

The selected candidate will be responsible for planning and organising maintenance of sophisticated machine tools, CNCs, compressors and heavy engineering equipment. He will head the department and lead a team of qualified engineers.

The candidate should be a graduate in Mechanical Engineering with at least 15 years' relevant experience in an Engineering industry. He should have worked as a functional head for 2/3 years.

This is a Senior Management position. The emoluments package is attractive and the job offers excellent career avenues.

Interested candidates may forward their resume within two weeks to

Box No. AA/284/AP 3, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001

A large Cement Plant in Gujarat needs:

MANAGER (MOBILE EQUIPMENT MAINTENANCE)

The selected candidates will head the Mobile Equipment Maintenance Department and shall be responsible for the optimum availability of the Heavy Earth Moving machineries including light vehicles of the Company. He shall also be responsible for planning, scheduling preventive maintenance and spare parts management for the smooth running of the Mobile Equipments.

The candidates should be Graduate in Automobile or Mechanical Engineering with minimum 12 to 15 years experience including 5 years at a senior position in a large cement/mines/construction companies having a fleet of Heavy Mobile equipments.

Please apply in strict confidence within 10 days of the publication of this advertisement to:

Box No. AA/284/AM/2
Business India
Wadia Building
17/19 Dalal Street
Bombay 400 001

YOUNG FINANCE PROFESSIONALS

Bombay/Premier Cities

Attractive Salary + perks

A well known highly successful multinational company in the consumer products industry, wishes to recruit young, dynamic, result-oriented finance professionals.

Applicants must be Chartered Accountants or MBAs with specialisation in finance (preferably from the IIMs) with one to three years post qualification experience in a reputable organisation. Prospects for growth are very good.

The remuneration package will be very attractive and will be commensurate with qualifications and experience.

Please apply in strict confidence within 7 days to:

A. F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked 'Ref. MS/6019'. Candidates not contacted within three months of application, may assume that they are not being considered.

Strengthening links in the aviation chain

Shivinder Singh Sidhu *has become the first Indian to head the International Civil Aviation Organisation (ICAO), one of the largest UN organisations. At a juncture when the international civil aviation industry is growing by leaps and bounds, and is simultaneously learning to cope with threats from terrorists, Sidhu faces a tough task. Anoop Saxena of* Business India *spoke to Sidhu about the emerging challenges, which Sidhu sees as opportunities for a safe, efficient growth of the air transport industry*

You are the executive head of an organisation which has been entrusted with the responsibility of ensuring safe, efficient and regular international civil air transportation. How are you coping with the emerging problems of this fast growing industry, especially in the light of terrorism, hijacking and sabotage?

Civil aviation is a highly dynamic sector of the world economy. The ICAO charter embodied in the Chicago Convention of December 1944, lays down mandatory standards and recommends practices for every aspect of international civil aviation — economic, legal and technical — in minute detail.

Aviation security is a continuous cause for concern. In 1970, there were 38 cases of unsuccessful hijacking and 49 successful ones. Whereas in 1988, the corresponding cases were two and six. In 1977 there were 31 cases of sabotage as against just three in 1987.

ICAO tackles civil air security by developing international legal structures through the political will of its members and technical programmes. The development of structures like in the Hague Convention of 1970 on hijacking and international crimes, and the third Montreal Convention of 1971, which tackled sabotage against aircraft, would help combat crime.

ICAO has also developed procedures for baggage handling, manpower, equipment for screening, etc. But, the human aspect is the most crucial because ultimately everything depends on highly trained, motivated, well-equipped and vigilant security personnel.

How do you view the growth scenario for the international civil aviation industry?

The figures are mind-boggling. In 1987, more than one billion people travelled by air. It may be two billion by the turn of the century. The revenue tonnage per kilometre grows by 10 per cent per year. This is in addition to charter traffic which grew by 17.5 per cent in 1987 over 1986.

The growth in the Asia-Pacific region which consists of 34 member countries and accounts for 55 per cent of the world population has been much higher. Here passenger traffic grew by 13 per cent and freight by 16 per cent in 1987. So there is going to be tremendous pressure on the airspace as well as congestion on the ground, in Europe and the US.

What action are you contemplating to meet the emerging crisis situation?

It will have to be a systems approach. The developing nations of Asia, Africa, the Pacific and Latin America are facing a severe resources constraint. At the same time, there must be a minimum acceptable requirement of infrastructure for the network to function efficiently.

Our current annual technical assistance budget is $70 million and the funds are provided by the United Nations Development Programme (UNDP). We are going to explore new sources of funding like the World Bank and the Asian Development Bank. However, the initiative must come from the member countries.

Are you satisfied with the growth of the Indian civil aviation industry?

India has to grow faster. Its share of international traffic is decreasing. The Indian government has pegged the growth of the domestic civil aviation sector at eight per cent and of international traffic at six per cent per annum due to the acute resources crunch. The air transport industry is a path-finder in the socio-economic development of a country and if you peg the growth of a dynamic sector by artificial means, you only strangle it.

Would you recommend that Air-India and Indian Airlines should go in for a bonds issue or even commercial borrowings from the international money market?

It would be a good idea though it is for the country to consider. If these corporations are allowed to raise their own resources, it would ease the pressure on a hard-pressed government in the matter of allocation of funds.

What support would you be able to provide India as the executive head of ICAO?

India has all the expertise to ensure regular efficient flow of traffic. ICAO will give whatever support is asked for and try to obtain funds from UNDP. But, the two recent accidents in the domestic sector have been a cause for serious concern. India must have a fully autonomous organisation, independent of the executive to ensure air safety.

What would be ICAO's thrust areas during your tenure as secretary general?

I would try to make the technical assistance programme much more active to provide at least the minimum level of air navigation and communication facilities as well as other infrastructural facilities for the growth of the sector. On the ground, the target is to have the microwave landing system in all airfields by 1988. To strengthen the weakest links in the chain, it would be my endeavour to project the proposals of the poor nations and to see that they are pushed through.

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